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WALTER WILHELM LAW GROUP  
A Professional Corporation  
Riley C. Walter #91839  
Matthew P. Bunting #306034  
Danielle J. Bethel #315945  
205 East River Park Circle, Ste. 410  
Fresno, CA 93720  
Telephone: (559) 435-9800  
Facsimile: (559) 435-9868  
E-mail: [rileywalter@w2lg.com](mailto:rileywalter@w2lg.com)

Chapter 9 Counsel

MCCORMICK BARSTOW, LLP  
Timothy L. Thompson #133537  
Mandy L. Jeffcoach #232313  
Niki E. Cunningham #277976  
7647 N. Fresno Street  
Fresno, CA 93720  
Telephone: (559) 433-1300  
Facsimile: (559) 433-2300  
E-mail: [mandy.jeffcoach@mccormickbarstow.com](mailto:mandy.jeffcoach@mccormickbarstow.com)

District Counsel

IN THE UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
FRESNO DIVISION

In re

TULARE LOCAL HEALTHCARE  
DISTRICT, dba TULARE  
REGIONAL MEDICAL CENTER,

Debtor.

Tax ID #: 94-6002897  
Address: 869 N. Cherry Street  
Tulare, CA 93274

CASE NO. 17-13797

DC No.: WW-4

Chapter 9

Date: N/A  
Time: N/A  
Place: 2500 Tulare Street  
Fresno, CA 93721  
Courtroom 13  
Judge: Honorable René Lastreto II

EXHIBITS TO THE DECLARATION OF KEVIN NORTHCRAFT IN SUPPORT OF  
STATEMENT OF QUALIFICATIONS AND MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF BY TULARE LOCAL HEALTHCARE DISTRICT, dba  
TULARE REGIONAL MEDICAL CENTER

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Exh.	Description	Pages
A	Copies of News Articles: Luis Hernandez, <i>Property Tax Sought to Finish Hospital's Expansion Tower</i> , Visalia Times Delta, May 18, 2015; Ashleigh Panoo, <i>Tulare Hospital District Voters Soundly Reject Bond Measure to Finish Wing</i> , The Fresno Bee, August 30, 2016; Jim Houck, <i>TRMC's Secret Loan</i> , Visalia Times-Delta, December 16, 2016	8
B	Copies of News Articles: Jim Houck, <i>How HCCA Took Over Tulare Hospital</i> , Visalia Times-Delta, August 2, 2016; and Juan Villa, <i>Kumar: A Doctor's Obsession and Power</i> , Visalia Times-Delta, August 5, 2016	11
C	Copies of Dockets from <u>Phillips Healthcare v. Tulare Regional Medical Center</u> , Tulare County Superior Court Case No. VCU271244; <u>Graham Prewett, Inc. v. Tulare Local Healthcare District</u> , Tulare County Superior Court Case No. VCU269517; and <u>Firstsource Solutions, LLC v. Tulare Regional Medical Center</u> , U.S. District Court, Eastern District, Case No. 1:15-cv-01136;  News Article re: Dave Adalian, <i>Paychecks Bounce at Tulare Local Healthcare District</i> , <a href="http://www.ourvalleyvoice.com">www.ourvalleyvoice.com</a> , July 26, 2017	4
D	Power Point presentation Mr. Germany presented to the Board at the September 27, 2017 meeting.	16
E	UCC search performed with the California Secretary of State showing these two UCC-1 financing statements filed on September 5, 2017	2
F	Deed of Trust recorded by HCCA on September 28, 2017	5

Dated: October 26, 2017

WALTER WILHELM LAW GROUP  
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By: 

Riley C. Walter, Attorneys for Debtor  
Tulare Local Healthcare District

# EXHIBIT A

Property tax sought to finish hospital's expansion tower

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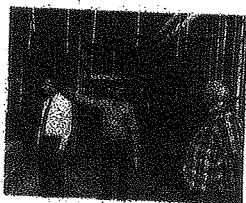
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# Property tax sought to finish hospital's expansion tower

Luis Hernandez, lhernan@visaliatimesdelta.com

Published 10:00 p.m. PT May 18, 2015 | Updated 1:20 p.m. PT May 19, 2015



(Photo: Ron Holman)

Tulare Regional Medical Center Board of Directors' member Laura Gadke said hospital district residents have a decision to make about the under-construction expansion tower and the proposed \$55 million parcel tax sought to pay for its completion.

"The community needs to decide: Do you want a hospital?" she said. "Do you want a hospital, or don't you?"

Former Tulare City Council member Skip Barwick said failing to support the parcel tax, which will likely be voted on this summer, would mean Tulare will not have local health care.

"We will become just another city along Highway 99," said Barwick, a long-time hospital supporter. "We need our hospital. Any successful city needs to have a good hospital."

The five-level expansion tower, which is still under-construction, would bring much-needed increase capacity for the hospital. It would also bring an update to a decades-old hospital.

"The tower needs to be built," Barwick said.

But that comes with a \$55 million price tag in the form of a parcel tax. Hospital district residents will have to approve it and then pay for it. The parcel tax would be a second contribution from the hospital's district residents for the expansion tower. Already, residents approved an \$85 million bond.

As it turned out, the approved bond was not enough to build the tower. The tower's value was estimated at \$120 million.

"It was foolishness not to go for all the money," Gadke said. "It was a \$120 million project. There wasn't going to be enough to finish the tower."

Gadke said then-hospital administrators claimed money from the hospital's general funds would be used to make up the difference. That didn't happen.

Mark Watte, local farmer, business owner and Tulare Board of Public Utilities commissioner, said he also wants the tower completed.

"We have to complete that tower to get a hospital in the future," he said. "It's that simple."

Watte said a committee will be formed to promote the importance of the tax.

"Nobody wants to pay taxes," Gadke said. "But we have to have a hospital."

Sworn into the board last month to serve out a vacancy, Gadke prepared and delivered a report on parcel tax. Gadke said she recommended the parcel tax.

<http://www.visaliatimesdelta.com/story/news/local/tulare/2015/05/19/property-tax-sought-finish-hospit...> 10/18/2017



Property tax sought to finish hospital's expansion tower  
tax because it's a flat tax for all property owners.

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Gadke said she also recommended a mail election because it's most effective.

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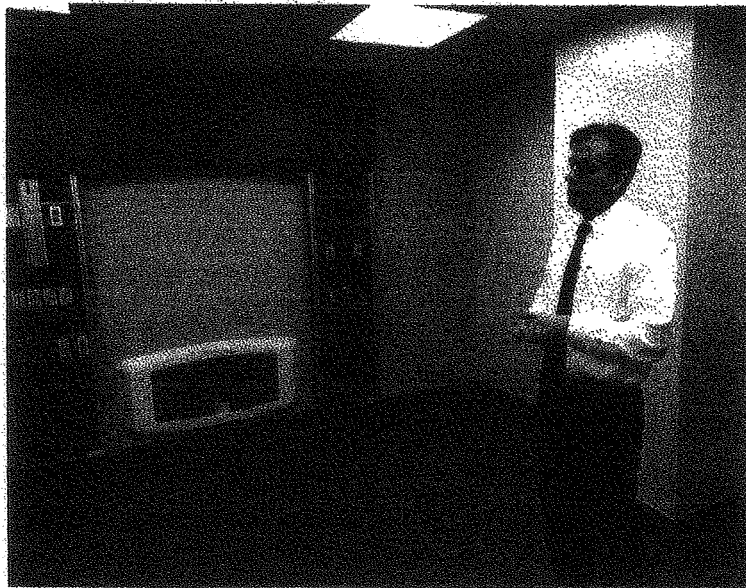
According to the Tulare County Registrar of Voters, mail voting was the preferred choice for those who voted in the November election.

In the race for the Hospital's District 5 area, which Linda Wilburn won, there were 2,848 votes cast. There were 916 absentee ballots, 930 people voted at a polling place and 1,002 votes sent in by mail.

In total, the race for District 5 drew 2,848 votes, 44.5 percent of the 6,466 registered voters. Across the hospital's district, there were 22,876 registered voters.

In the Tulare city limit, there are 18,458 registered voters.

The hospital's district goes north to Avenue 256 and extends west to the Kings County Line and south to the Kern County. The district's east edge extends to roughly Road 168, including Woodville, Tipton, Pixley and Earlimart.



(Photo: Ron Holman)

#### Explanation needed

Tulare's Albert Aguiar, a retired post office worker, said he wants to see the hospital tower be completed. However, he said he would like board members explain exactly where the \$85 million from the bond was spent and where the \$55 million sought in the property tax will go.

"I believe that's only fair," he said.

Barwick said that should be a concern.

<http://www.visaliatimesdelta.com/story/news/local/tulare/2015/05/19/property-tax-sought-finish-hospit...> 10/18/2017

**Property tax sought to finish hospital's expansion tower**

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"People will be able to see exactly where their tax money will go to," he said. "They can drive to the hospital and see."

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Aguilar, who said he attended the hospital's board meeting when Gadke delivered her report, said he recalls \$50 million was initially proposed. Then, \$5 million was added.

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"We need to justify all the amounts we need," Aguilar said.

In addition, Aguilar said he wants to ensure there's proper oversight.

"We need accountability," he said.

Aguilar said he's raising those questions because previous hospital administrations miscalculated the amount needed to build the tower and failed to complete construction in the promised time frame.

"I think we need to investigate a lot more," he said. "But the hospital should comply with that."

Aguilar also said he praises Healthcare Conglomerate Associates, who took over administering the hospital 16 months ago. He said he's impressed with the financial recovery the hospital has recorded.

"They have done a great job," he said.

**Avitia resigns from hospital board**

(<http://www.visaliatimesdelta.com/story/news/local/tulare/2015/03/26/avitia-resigns-hospital-board/70497194/>)

**Hospital board seeks parcel tax support**

(<http://www.visaliatimesdelta.com/story/news/local/tulare/2015/03/25/hospital-board-seeks-parcel-tax-support/70463294/>)

**Completing the tower**

HCCA Chairperson Dr. Benny Benzeevi said completing the tower will provide for the opportunity to deliver the integrated healthcare system his company wants.

"We believe this community deserves a lot better," he said. "They deserve the best healthcare system."

Benzeevi said since HCCA took over the hospital construction costs have decreased, while construction has continued.

That's key, Watte said.

"If we lose that building permit for the project, we are done," he said.

Construction Manager Jack Stones said all the construction plans and change orders have been combined into one document, which will serve as guide for the project.

Once the funding is secured, Benzeevi said the construction will likely take between 12 to 15 months.

"But closer to 12," he said.

The expansion tower will also meet the future health care needs for local residents. Benzeevi said the tower will be customized to deliver the health care needed.

"It needs to meet the future needs of the community," he said.

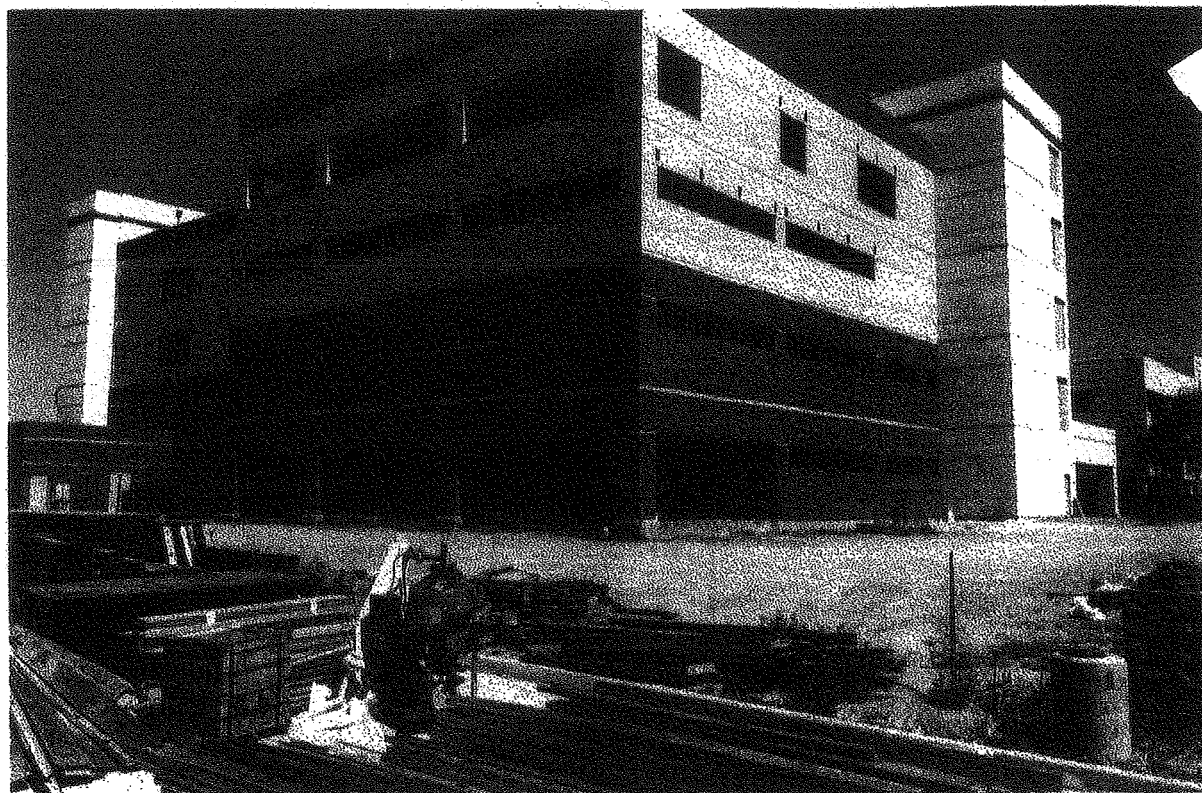
"We are fortunate we have people in the community who are giving to give the hospital a second chance," Benzeevi said. "We have a real opportunity to bring what the community has been wanting."

**Online**

[www.tularecounty.ca.gov/registrarofvoters.com](http://www.tularecounty.ca.gov/registrarofvoters.com)

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LOCAL

## Tulare hospital district voters soundly reject bond measure to finish wing

BY ASHLEIGH PANOO  
*apanoo@fresnobee.com*

AUGUST 30, 2016 10:01 PM

Tulare hospital district voters gave a decisive “no” Tuesday to the district’s hoped-for bond to complete construction of an addition to Tulare Regional Medical Center.

In order to pass, Measure I needed two-thirds of those voting to support it. Two-thirds of voters rejected it.

Dr. Benny Benzeevi, CEO of Health Care Conglomerate Associates, the private company that operates Tulare Regional Medical Center, expressed gratitude to the campaign volunteers for their hard work.



Proponents using the slogan Save Our Hospital urged a yes vote on grounds that passing a bond is the surest way to complete the addition, which would include a larger emergency department with all private rooms, new operating rooms and maternity ward, and larger radiology department.

In 2005, voters passed an \$85 million bond to build an addition, but the money ran out before the building was completed. Work largely stopped three years ago.

Tulare Regional Medical Center employs several hundred people and has an annual payroll of \$30 million including benefits.

*Bee staff writer Lewis Griswold contributed to this story. Ashleigh Panoo: 559-441-6010, @AshleighPan*

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## TRMC's secret loan

Jim Houck, jhouck@gannett.com

Published 6:20 p.m. PT Dec. 16, 2016 | Updated 10:47 p.m. PT Dec. 16, 2016



(Photo: Luis Hernandez)

Tulare Regional Medical Center for at least eight months has been secretly funneling cash to a bankrupt Lone Pine hospital managed by HealthCare Conglomerate Associates, the same company that also operates the Tulare hospital and controls its bank accounts, records show.

The money is part of at least one \$500,000 line of credit arranged when HCCA took over Southern Inyo Hospital in January, according to minutes of a Sept. 21, 2016, meeting of the Southern Inyo Healthcare District board.

At one point, the debt reached \$319,000.

An investigation by the Visalia Times-Delta/Tulare Advance-Register also revealed:

- There has been no public announcement that TRMC had been lending Southern Inyo Hospital money. Agendas and minutes of TRMC's board meetings contain no indication that the five board members approved the deal.

- Southern Inyo is going through bankruptcy, but filings in its federal bankruptcy proceeding do not list TRMC as a creditor.

- The Management Services Agreement between HCCA and TRMC, signed in May, 2014, appears to block such a use of TRMC money. "The (Tulare Local Healthcare) District shall assure that its funds are used to support the Hospital and the Clinics and Other Facilities and to provide charitable care therein and are not diverted to other uses," the agreement states. The HCCA agreement was signed by four of the TRMC board members who would have granted approval for the Southern Inyo line of credit.

Documents posted on the Lone Pine hospital's website show it borrowed \$100,000 from TRMC in March. In April the debt had increased to \$250,000 and by July it stood at 318,937. The documents indicated there had been some repayment. The debt stood at \$278,937 in September but another document referred to a \$100,000 payment in early November.

None of the documents posted state what the debt level is currently.

Earlier this week, the Visalia Times-Delta/Tulare Advance-Register asked TRMC, under the California Public Records Act, for all documents related to the line of credit but by Friday there had been no response.

Yorai (Benny) Benzevi, TRMC's CEO and owner of HCCA, did not return a phone call seeking details. Neither did he reply to questions the Visalia Times-Delta/Tulare Advance-Register arranged through an HCCA aide to send him.

Those questions sought to clarify whether the TRMC board had approved the line of credit and, if so, when, why TRMC was not listed as a creditor and the source of capital for the Inyo County hospital's reorganization.

Persons who were board members at the time were also silent.

One board member, Linda Wilbourn, said Thursday she was in the middle of a family emergency and would call back, but by Friday evening she had not. Another member, Richard Torrez, refused to comment.

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**TRMC's secret loan**

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board member Dr. Parmod Kumar and former board members Sherrie Bell and Laura Gacke did not return phone messages. Bell and Gacke failed to keep their seats in the November election, but they were members at the time the board would have approved the loan.

Richard Fedchenko, the president of Southern Inyo board, said he signed the hospital's contract with HCCA at the same time he signed a line of credit agreement for \$500,000. He said he believed the line of credit was with HCCA, according to the Sept. 21 minutes.

At a later board meeting, he said, he was presented with another line of credit to sign. He did not specify the amount but said he thought it was with "Tulare Regional," according to the minutes.

But HCCA official Alan Germany corrected him, according to the minutes: "Mr. Germany stated that the borrowing is set up with Tulare Regional (TRMC) ... Right now there is no money at all in terms of HCCA; there is from a management perspective but not the actual line of credit."

Fedchenko was not the only person in Lone Pine who believed HCCA was financing the Southern Inyo Hospital turnaround:

•In a report on a Jan. 5 board meeting, a local newspaper called The Sheet said: "The company will fully fund (using its own money) staffing and operation of the hospital. It will only be repaid if the hospital begins 'making a profit' and 'operating in the black' in the future."

•A filing by Benzeevi's lawyers in the Southern Inyo Hospital bankruptcy case carried the same message: "Immediately following HCCA's retention, Mr. Germany and other HCCA representatives visited SIHD to assess what it needed in order to reopen, including, without limitation, bringing in a new medical staff and a significant capital infusion in order to pay payroll and operating expenses."

•There was also this unattributed comment in the Sept. 21 Southern Inyo minutes: "As everyone remembers these were discussions that relate back to December and January that they would come in and provide some working capital. They have been very diligent about if there is borrowing, try to pay it back as quickly as possible."

Benzeevi has installed Germany as chief financial officer and chief operating officer in Tulare and as chief executive officer and chief restructuring officer in Lone Pine.

When HCCA took over, Southern Inyo Healthcare District was in bad shape. The four-bed Lone Pine hospital had been closed and its 25-bed skilled nursing center was rapidly transferring patients to other area facilities. Its emergency room was closed. Its CEO and its board of directors had resigned. Nurses and doctors were leaving. The state health department was on the verge of suspending the facility's license.

HCCA managed to get the hospital, emergency room and skilled nursing center reopened, bring doctors in and, after a court battle, keep Southern Inyo's license.

An inspection on Jan. 6 by the California Department of Public Health, which had been watching the deteriorating situation from its office in San Bernardino, noted that there were no doctors.

HCCA quickly corrected that.

At a meeting on Jan. 12, according to The Sheet, the Southern Inyo board appointed Kumar, a Tulare gastroenterologist and vigorous supporter of Benzeevi, to be the Lone Pine hospital's medical director.

No details of the appointment were included, but a document attached to minutes for a Nov. 2 board meeting cited a payment of \$47,500 for "medical directorship through Oct/2016."

In addition, Kumar also serves as director of Southern Inyo Hospital's skilled-nursing facility.

In an interview in April with the Visalia Times-Delta/Tulare Advance-Register, Benzeevi said Kumar was hired by the Southern Inyo Healthcare District board independent of HCCA.

"Dr. Kumar has zero association with HCCA," Benzeevi said. "It's important to note that. There's no correlation."

Kumar has an on-call contract with TRMC that pays him \$600 a 24-hour shift. The contract says his services are on a "24-hour a day 7 day per week 365 days per year basis."

In the past, the hospital has paid Kumar as much as \$1 million a year for medical services.

TRMC pays HCCA \$253,000 a month to manage the hospital. That management fee will rise to \$268,000 after the first of the year. HCCA gets \$65,000 a month to manage the Southern Inyo Hospital, with an annual increase based on the cost of living or 5 percent, whichever is greater.

# EXHIBIT B

The deal: How HCCA took over Tulare hospital

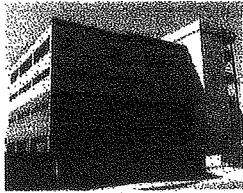
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## The deal: How HCCA took over Tulare hospital

Jim Houck Published 8:38 p.m. PT Aug. 2, 2016 | Updated 8:48 p.m. PT Aug. 3, 2016



(Photo: Ron Holman)

Will Tulare's hospital, owned by the public since it opened in 1951, be sold to a private operator?

The man who stands first in line to buy it claims he's not interested, but a thick stack of legal documents he has signed, including a carefully-drawn option agreement, pave the way. All Yoral (Benny) Benzeevi has to do is start the wheels in motion, according to the deal he worked out with the board of the Tulare Regional Medical Center almost two years ago.

### Benzeevi led Tulare hospital's turnaround

(<http://www.visaliatimesdelta.com/story/news/local/2016/08/02/benzeevi-led-tulare-hospitals-turnaround/87984246/>)

The TRMC board of directors turned operation of the hospital over to Benzeevi, paying him initially a \$225,000-a-month operating fee, an amount that now is \$253,000 a month and goes up more than five percent every January 1.

The four documents signed by the hospital board and Benzeevi's quickly organized HealthCare Conglomerate Associates, LLC, put him firmly in charge. They say representatives of the hospital district, which would be the board members the public elected, "shall not interfere directly or indirectly with HCCA's decisions."

Strictly speaking, according to the agreement, board members can't even enter the hospital without HCCA's permission.

Are the directors happy with arrangement? They say they are.

For one thing, they credit Benzeevi with turning around long-standing financial difficulties.

How did this deal come about?

TRMC had been through a long, controversial and very public series of financial difficulties and management and legal problems, some going back 15 to 20 years.

### Pension cuts, federal aid put TRMC in black

(<http://www.visaliatimesdelta.com/story/news/local/2016/08/01/pension-cuts-federal-aid-put-trmc-black/87940634/>)

Vague discussions about the need for some kind of partnership — or alignment, as it was called — began in 2010, spurred by Shawn Bolouki, who had become chief executive officer two years earlier.

Bolouki believed, for a variety of reasons, that the day of the independent, standalone hospital was over. He said joining with a larger organization would provide greater bargaining power in negotiating contracts with insurance companies, reduced, shared operating costs and more purchasing power.

He also warned that the Affordable Care Act would reduce Medicare payments to hospitals, among their principal sources of revenue, in order to pay for expanded coverage for younger people. That hasn't happened. What has happened is that the ACA expanded the Medi-Cal system, another major revenue source, and that has boosted hospital revenues. TRMC depends on Medi-Cal for 40 percent of its patient revenues.

Some think Bolouki may have had other motives as well.

### One lawyer, two clients

(<http://www.visaliatimesdelta.com/story/news/local/2016/08/03/one-lawyer-two-clients/87988146/>)



**The deal: How HCCA took over Tulare hospital**

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Former TRMC board member Dr. Prem Kamboj described a conversation he had with Bolouki in 2010 or 2011.

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"His goal, at least the way he presented it to me, was: 'Why do we want to deal with a board? We won't have to worry about elections, we won't have to worry about the press and them hounding you and them wanting to pick someone from the board that are our buddies and life goes on. All of you will benefit.'"

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At the time, Bolouki's relationship with three of the five board members was rocky, and in April 2012, he was fired. The following November, two of Bolouki's opponents, Kamboj and Dr. Lonnie Smith, did not seek re-election.

At the first meeting after the election of two new board members, Bolouki was rehired as CEO, given a \$985,250 payment to drop a wrongful termination suit he had filed against the hospital, an annual salary of \$324,240 and a pledge that his job would be safe in the event TRMC entered into a partnership with another organization or was sold.

The new board included two members who had long supported Bolouki, Dr. Parmod Kumar and Richard Torrez, and one who was often at odds, Roger McPhetridge. Newly elected were Sherrie Bell, who was immediately named chairman, and Rosalinda Avitia.

All but McPhetridge would vote to rehire Bolouki, but within a month Avitia wrote in a letter to the Times-Delta and Advance-Register saying, "I made a mistake."

**TRMC: Hospital hopeful to lift doubt**

**(<http://www.visaliatimesdelta.com/story/news/local/2016/07/30/trmc-hospital-hopeful-lift-doubt/87769542/>)**

McPhetridge and Avitia have since resigned, replaced by Laura Gadke and Linda Wilbourne.

Once Bolouki returned, with the new board majority, alignment discussions began full bore. A series of public meetings were held. The board hired a consulting firm for \$37,000 to develop guidelines outlining what TRMC expected and to screen proposals.

Clearly, Bolouki and the TRMC board were looking to hook up with a larger health care organization, "a forward thinking health system," they said in their pitch for proposals.

They asked potential partners where their hospitals and other facilities were, what markets they served, and what efficiencies they could offer, such as bulk purchasing or better insurance contracts.

Here are some of the things TRMC told potential partners it was expecting in any agreement:

- An initial investment by the partner in district assets and working capital contributions at specified points.
- A commitment by the partner to complete the tower construction under a scenario that included another bond issue. If actual costs exceeded projections, TRMC expected the partner to make up the difference.
- A financial commitment from the partner to build a second tower.
- A management fee based on a percentage of the hospital's annual net income.
- A partner who would be responsible for a percentage of any annual operating losses.

## The deal: How HCCA took over Tulare hospital

Page 3 of 6

■A governing board, separate from the elected board of directors of the hospital district, that would have all the power and responsibility usually vested in the board of directors under California law. TRMC is willing to entertain a proposal that gives the affiliation partner majority or greater control over this body," the document suggested.

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■A commitment to maintain acute care services.

■A commitment to maintain emergency department services at current levels.

■A commitment to maintain the privileges of the medical staff currently in good standing.

In April 2013, Bolouki said seven organizations had shown interest and he set a target date of July 1 for an agreement. The original deadline for submissions was May 10, then it was extended first to the end of June, then to the middle of July.

At the end of June, Bolouki said TRMC's consultants had four proposals in hand. No names were revealed. Bolouki also said he had signed confidentiality agreements with two "renowned academic health systems" he didn't name.

In October, Bolouki told the board he had contracted with a consultant to determine the market value of the hospital. TRMC has not released that consultant's report.

Ultimately, five organizations made presentations in November and December, 2013: Bridgewater Healthcare Group, The Peira Group, Alecto Healthcare Services, Adventist Healthcare and HealthCare Conglomerate Associates. None is the "renowned academic health system" Bolouki said in June had signed confidentiality agreements.

[Asked last April whether Kaweah Delta Medical Center had submitted a proposal, its CEO, Lindsay Mann, said, "No." Asked why, he replied, "We weren't asked." He added that Kaweah Delta had other pressing business at the time.]

On Dec. 4, the TRMC board picked Benzeevi's HealthCare Conglomerate Associates.

Some board members knew Benzeevi because he had been a TRMC emergency room physician and through Medflow, an organization he formed, held the contract to manage the TRMC emergency department.

The emergency department had been a major problem. The previous operator did not have a contract with the health insurance company the city of Tulare used. Thus city employees were "out of network" at TRMC. Benzeevi fixed that.

But HCCA was a new creation. Two days later, Benzeevi's Los Angeles lawyer, Bruce Greene, would file papers with the California secretary of state's office to form a limited liability company.

On Jan. 9, 2014, the TRMC board said it was unable to complete Bolouki's "transfer and assignment" to HCCA and terminated his contract. He was last reported working as administrator of a hospital in Nairobi, Kenya.

Benzeevi had been an ER physician at TRMC for about eight years. He received an MD degree at the University of California, Davis, and did residency in Michigan.

In an interview, he conceded he had no experience turning a hospital around but added:

"Like Henry Ford said, I may not be the best engineer, but I know where to find the best engineers."

Energetic and personable in contrast to the dour Bolouki, Benzeevi prefers to be called "Benny." He appears to genuinely like interaction with employees and they seem to appreciate his presence.

Did TRMC get what it was seeking in its deal with Benzeevi's HCCA? It got a chief executive officer who the board seems happy with, in part because monthly financial reports no longer bear red ink.

The board says it is happy. Praise flows constantly, particularly from Kumar, the senior and most powerful member.

"Some people just aren't going to accept the facts that there's a change, which is a positive change, saving 550 jobs, with profitability, with raises and full benefits restored," he said at a board meeting in June. "That's a story only God can write and the good work of you, sir."

What they didn't get was a connection to a large hospital group. When Benzeevi got the TRMC contract, it was his first. Since then he has added a near-bankrupt hospital in Lone Pine at the base of the east side of Mt. Whitney. Kumar was named director of the Lone Pine hospital's skilled nursing facility.

## The deal: How HCCA took over Tulare hospital

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They didn't get promises or a cash infusion or financial support for finishing the first tower and a commitment to build the second tower. [Benzeevi doesn't believe a second tower is necessary.]

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Nor did they get a partner who would shoulder some of the financial burden. Instead, HCCA pays a flat monthly amount, period.  
EXCHANGE&UTM\_CAMPAIGN=READLOCAL17)

Asked in an interview whether the TRMC board got what it was looking for with HCCA, Benzeevi said, "What they were really looking for is a group that could bring in the necessary expertise to take a hospital and turn it around ...

"The board wanted a group that had the capacity, capability and ability to do this. They believed, and maybe they were foolishly misled by their administrator at the time, that a large hospital would ... be able to do it.

"But then they realized that even a small hospital group, a very, very small hospital group like Kaweah, when they took over the community hospital in Visalia what happened to that hospital? Gone and closed.

"What we offered is a vision for the future and the resources and ability to deliver it. That's what we offered and that's what we did."

What the HCCA deal also provides is a path to selling or possibly leasing the hospital to Benzeevi at some point in the future.

Benzeevi insists that "HCCA has zero interest in buying the hospital."

Yet the agreements he signed with the TRMC board lay out a clear path for him to buy it. While he says the option agreement exists only to give him the right of first refusal in case someone else makes an offer, the agreement grants him "the exclusive and irrevocable right and option" to buy or lease the hospital. And it forbids the TRMC board from selling or leasing to anyone else.

But before any sale, several obstacles must be hurdled. The trustee for the district's bonds must approve. The state attorney general's office must approve and HCCA and the TRMC board must come to an agreement on price and terms. A majority of voters would have to approve the sale.

Turning a public district hospital like TRMC over to a private company, either to operate it or to buy it, is not unprecedented in California. State law outlines the steps necessary to sell or lease a hospital.

But the trickiest move has to do with bonds TRMC/TLHCD have issued, both revenue bonds and general obligation bonds.

In September 2014, HCCA and the TRMC board amended the Option Agreement to provide that HCCA can't exercise its right to buy the hospital without the consent the bond trustees or, failing that, by paying off the bonds. That could potentially delay a sale until as long as 2057, when the 2016 bonds, if approved, mature.

The HCCA agreement with TRMC is in three parts, a management services agreement which turns management over to HCCA, an interim joint operating agreement, a joint operating agreement and an option agreement which covers terms of the sale or lease of the property to HCCA.

Here are their key features:

### Management Services Agreement

- Term is 15 years with an automatic 10-year extension unless either party opts out.
- TRMC is responsible for all expenses associated with the hospital.
- HCCA receives an operating fee that started at \$225,000 a month, increased at the beginning of each year for inflation by either 5 percent or a consumer price index inflation factor, whichever is greater, plus expenses and reimbursement for consultants. As of Jan. 1, 2016, the monthly fee was \$252,857.70, according to the formula in the agreements.
- TRMC employees become employees of HCCA and TRMC pays a monthly "employee lease payment" to HCCA of 130 percent of total base compensation, not including benefits, payroll taxes, bonuses or commissions. The extra 30 percent, HCCA says, is to cover payroll taxes and benefits. HCCA may defer any of this amount to be applied to the purchase price for the hospital and other assets. [Benzeevi says that no payment has been deferred up to this point.]
- HCCA will provide advice and recommendations on the Tower project but is not responsible for construction or funding.



## The deal: How HCCA took over Tulare hospital

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members of the board or directors are prohibited from disclosing "confidential or negative information ... that is materially detrimental to the reputation of ... or criticize the personal or business reputation or practices or conduct of the manager ... to anyone other than the manager's chief executive officer.

... This prohibition extends to statements made to anyone, including the news media."

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### Interim joint operating agreement

[Effective after consent of the trustees of the TLHCD revenue and general obligation bonds. Agreement is an interim step effective if the bonds are not satisfied or repaid. If they are, the Joint Operating Agreement takes effect.]

■ Term is for up to 15 years

■ Boosts HCCA's monthly operating fee by 25 percent, in addition to 5 percent annual increase.

■ TRMC retains ownership of real estate and property but HCCA has the right to use it.

■ TRMC's decision-making authority, vested in its elected board of directors, is limited and only advisory.

■ HCCA gains final decision-making authority to make changes to hospital charity care policies, to clinical or operational policies; may prescribe terms of patient admissions, establish minimum standards of operation and full control of the Tower project.

■ TRMC continues to receive hospital's net operating income after HCCA's fees and expenses are deducted.

[Note: Benzeevi says the TRMC and HCCA continue to operate under the Management Services Agreement and approval of the bond trustees has not been sought. He says there are no current plans to move into the Interim Joint Operating Agreement.]

### Joint operating agreement

[Effective after all bonds are either repaid, settled or Internal Revenue Code conditions are waived.]

■ Term is 15 years with a 10-year renewal.

■ HCCA and TRMC divide net income on a split of 95 percent for HCCA, 5 percent for TRMC.

■ HCCA becomes responsible for paying all operating expenses. It also becomes responsible for any losses. However, any losses will be deducted from TRMC's share of income.

■ HCCA may alter or expand any existing building and TRMC must either provide financing or ultimately pay the fair market value of the expansion to HCCA.

■ TRMC agrees to continue to levy property tax on all district property and turn all tax receipts except those required to pay off bonds over to HCCA to subsidize health care for indigent, uninsured or underinsured patients.

### The option agreement

■ Grants HCCA an "irrevocable option" to buy or lease TRMC's property exercisable within 180 days of the expiration of any of the agreements. Thus the earliest the option could be exercised would be in 2030.

■ TRMC must hold an election and receive majority approval of voters for any long-term lease or sale of the district property.

■ Price would be at "fair market value" determined by an independent consultant hired by HCCA. If TRMC disagrees with the HCCA consultant's appraisal, it could hire its own consultant. A material difference would be submitted to arbitration.

■ Lease would be for 30 years and rent would be at "fair market value."

■ If the property is sold, TRMC would carry a note that would require a monthly payment of \$100,000 for the first 36 months, \$200,000 a month for the second 36 months and the balance paid in equal amounts over the last 48 months. HCCA would be able to reduce the price by any employee reimbursement payment it made.

### More online

The agreements between the Tulare Regional Medical Center and HealthCare Conglomerate Associates (HCCA) are available online at <http://www.visaliatimesdelta.com/story/news/local/2016/08/02/deal-hcca-took-tulare-hospital/87988034/> 10/18/2017



The deal: How HCCA took over Tulare hospital  
www.visaliatimesdelta.com.

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TRMC: The Full Story

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This is the fourth of a six-day examination of the Tulare Regional Medical Center, its \$55 million bond and related issues.

Thursday

TRMC and HCCA say they need \$55 million more to finish a 4-story building that was supposed to cost no more than \$120 million. TRMC has already spent \$85 million that taxpayers approved in 2005. A look at the numbers, claims and counterclaims, and what the records say.

Friday

Parmod Kumar is a man with a lot of friends and some enemies as well. A gastroenterologist, he came to Tulare in 1990 to establish a medical practice. Within four years, he was a member of the board of the Tulare Local HealthCare District. He still is, arguably the most powerful and hardest working member. He's a lightning rod for both support and criticism of the hospital. An interview with Kumar, his friends and former friends. Also, a look at a foundation Kumar announced two years ago, with a \$2 million contribution from retired trucking executive Manuel Mancebo Jr. Kumar says it's now just getting started.

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## Kumar: A doctor's obsession and power

Juan Villa, [jvilla@visaliatimesdelta.com](mailto:jvilla@visaliatimesdelta.com) Published 10:45 p.m. PT Aug. 4, 2016 | Updated 9:06 a.m. PT Aug. 5, 2016



(Photo: Visalia Times-Delta)

Dr. Parmod Kumar is a man with lots of friends, and some former friends as well. At the same time, he's considered by many as the most influential and powerful member of the Tulare Regional Medical Center board of directors.

He was appointed a member of the Tulare hospital board in 1994 and says he will serve "as long as it takes to finish this tower."

The Tower is the new building that remains a center of controversy for the hospital and its five-member board.

Voters in the Tulare Local HealthCare District, which owns the hospital, received ballots this week for a new \$55 million bond issue to finish the Tower, which has been under construction, more or less, since 2010.

From the beginning, Kumar has been its strongest supporter, and remains so today.

"One of my biggest dreams is to build a modern hospital," he said. "I've had that goal for many years and that still remains incomplete.

"I want to build a new tower because I know that without a new tower, the modern doctors, the young generation of doctors will not come to this area to practice great medicine," he said. "I think we have good care in Tulare and Visalia, but we don't have the very best care. There are many specialties where we need to recruit those doctors. They are not going to come to a building that was built in 1951."

Kumar, 61, was born and educated in the Indian state of Punjab, then did residency and an internship in New York state. For six years, he was a civilian doctor on an American Army base in West Germany.

[TRMC foundation brings promises for support](http://www.visaliatimesdelta.com/story/news/local/2016/08/05/trmc-foundation-brings-promises-support/88227358/)  
(<http://www.visaliatimesdelta.com/story/news/local/2016/08/05/trmc-foundation-brings-promises-support/88227358/>)

### Coming to Tulare

He came to Tulare in 1990, attracted, he says, both by the lack of gastroenterologists here and by the fact that it's an agricultural area.

"I wanted to go to a community where I could make a difference. New York has quite a few gastroenterologists, just like Los Angeles and San Francisco," he said. "I'm also a farmer at heart. I have 100 years of farming blood in me. I wanted to go to an area where I could practice medicine and also farm."

Kumar grows walnuts, almonds and pistachios in the area. His brother, Anil Kumar, a full-time farmer with degrees in biological science and political science, handles day-to-day farming operations.

Kumar: A doctor's obsession and power

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Dr. Parmod Kumar during a Tulare Regional Medical Center board of directors meeting in 2013. (Photo: Juan Villa, Juan Villa)

"That's what I do. That's one of my hobbies and loves," the doctor said. "Whatever needs to be done, I do it. I don't do it every day because I'm also a doctor, but I go on the weekends."

Kumar's wife, Dr. Parul Gupta, is an obstetrician-gynecologist in Tulare. Both doctors are members of the new medical executive committee at TRMC.

Finishing the Tower: How TRMC came up with \$55 million  
[\(http://www.visaliatimesdelta.com/story/news/local/2016/08/03/finishing-tower-trmc-came-million/88054434/\)](http://www.visaliatimesdelta.com/story/news/local/2016/08/03/finishing-tower-trmc-came-million/88054434/)

#### Friends' view

Kumar's friends use words like "selfless" and "loyal" when they speak of him.

Sherrie Bell said that before she was elected to the TRMC board (she's now chairwoman) she asked people, including some emergency room doctors, about Kumar.

"They would say that when no other doctor would come they knew they could call him and he would come," Bell said. "Whether he was on call or not and whether it was his turn or not. If they needed him he would be there."

The more than 20 years on the board hasn't all been smooth sailing for Kumar, who is no stranger to receiving criticism from community members in and out of public meetings.

Despite the criticism, the only physician now on the board still believes there are many more community members who support the work of the current board and administration at the hospital.

He says the attacks against him are not just personal, but also very vicious.

"I think the attacks on the board have nothing to do with the body of work I've done. It's very personal. They're attacking me personally, which I don't appreciate, but that's OK," he said. "People that know me know what kind of a man I am. They know how much integrity I have and how hard I've worked day and night for my fellow citizens. They understand that and that's good enough for me."

Benzeevi led Tulare hospital's turnaround  
[\(http://www.visaliatimesdelta.com/story/news/local/2016/08/02/benzeevi-led-tulare-hospitals-turnaround/87984246/\)](http://www.visaliatimesdelta.com/story/news/local/2016/08/02/benzeevi-led-tulare-hospitals-turnaround/87984246/)

#### The conflict with Kamboj

One of Kumar's most perplexing conflicts is with Dr. Prem Kamboj, a Tulare pediatrician who is also from the state of Punjab and whose families knew each other in India. Kamboj says he's known Kumar for more than 50 years and urged him to come to Tulare. Kamboj says he and Kumar's brother, Vinod Gupta, now a Visalia cardiologist, were medical school classmates in India.

<http://www.visaliatimesdelta.com/story/news/local/2016/08/05/kumar-doctors-obsession-power/88268...> 10/18/2017



**Kumar: A doctor's obsession and power**

"When he was finishing up his fellowship in New York ... I called him and told him we didn't have a GI physician here [in Tulare]," he said. "I invited him and he stayed with me at my house for a few months. I guided him."

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Kamboj said they lived together for about a year and a half before Kamboj moved to Tulare.

When Kumar asked him to join the TRMC board in 2006, Kamboj said he wanted something in return.

"[Dr. Lonnie Smith and I] asked him to take an oath," he said. "...take an oath saying everything will be ethical, above the board, no closed door deals. He took an oath on his father's name. Then we started seeing things after a year on the board. Things started to happen behind closed doors."

Smith confirmed the meeting. Kumar doesn't remember taking an oath in Kamboj's office.



Dr. Parmod Kumar during a recent Yes on Measure 1 Save Our Hospital campaign press conference. (Photo: Juan Villa, Juan Villa)

In 2012, after much turmoil on the board, Kamboj and Smith did not file for re-election.

"When people put confidence in you and elect you, you need to be open and honest," Kamboj said. "...He's a charmer, he'll charm you. When you get to know the real stuff that's going on behind the scenes, that's when you'll change your perception. He charmed me for all those years."

While Kamboj respects the Kumar family, the relationship between the two Tulare doctors isn't what it once was.

Kumar said he respected the man Kamboj was, but he doesn't respect the man he has become.

"That relationship is not good at all for many reasons," Kumar said. "I don't want to go into it, it's a private matter."

Kamboj is against Measure 1.

The deal: How HCCA took over Tulare hospital

(<http://www.visaliatimesdelta.com/story/news/local/2016/08/02/deal-hcca-took-tulare-hospital/87988034/>)

**The audit**

A series of incidents several years ago put Kumar, as well as Kamboj and Smith, in the spotlight.

The three doctors, while serving on the board, also had contracts to provide medical services at the hospital and its clinics. By law, those contracts had to be approved by the board.

Bolouki and the hospital's law firm, at the time Dooley, Herr, proposed a far-reaching resolution, called Resolution 801, that surrendered to Bolouki not only approval of the doctors' contracts but any contracts related to compliance with federal or state health care laws.



**Kumar: A doctor's obsession and power**

The resolution also had the effect of shielding the contracts from public view. In 2008, the board approved it unanimously.

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Resolution 801 was repealed in 2012, led by Kamboj and Smith, who said it gave Bolouki the power to approve actions unrelated to the doctors' contracts with no board oversight. Kumar voted against the resolution. LEARN MORE (HTTP://OFFERS.VISALIATIMESDELTA.COM/SPECIALOFFERTGPS-  
SOURCE=READLOCAL7&utm\_medium=NANOBAR&utm\_source=Bounce-  
EXCHANGE&utm\_campaign=READLOCAL7)

Once the resolution was lifted, it became known that Bolouki had in four years approved contracts totaling almost \$1.5 million for the three doctors, most of that for Kumar.

The battle heated up once the board, led by Kamboj and Smith, replaced the Dooley Herr law firm with a lawyer from Fresno. He saw a big problem with the doctors' contracts and encouraged a special audit, called a forensic audit that typically looks for financial misconduct, abusive or wasteful activity.

The board voted Sept. 11, 2012, to initiate the audit. Meeting minutes say the vote of the five-member board was 3-2 with no abstentions or absences. In an interview last month, Kumar insisted: "I was out of the room when they ordered the forensic audit so I never voted against it.

"It's a private matter, but I'll tell you," Kumar continued, "they were basically after me and my family."

Documents obtained by the Times-Delta and Advance-Register showed that an attorney retained to assist with the audit sent letters informing the doctors their contracts were illegal because they had not been approved by the board, in accordance with state law.

The lawyer, Gregory Moser of San Diego, said in the letters the contracts violated state conflict of interest laws and TRMC could demand repayment of any money the doctors received since Nov. 2008. Kamboj had been paid \$12,000, Smith \$142,000 and Kumar \$1.3 million.

After the 2012 election, a new board without Kamboj and Smith was sworn in. On its first day, Dec. 10, the new board immediately fired an interim CEO, rehired Bolouki and the Dooley Herr law firm.

On the same day, Dooley Herr lawyer Kris Pedersen called the auditors and lawyers working on the investigation and ordered them suspended. She said she acted because she believed the audits were started without the "full authority of the board."

Bell, who was the new chairwoman of the board, asked whether the board had shut down the investigation, replied:

"It wasn't a board decision. You need to talk to the attorneys."

Pension cuts, federal aid put TRMC in black

(http://www.visaliatimesdelta.com/story/news/local/2016/08/01/pension-cuts-federal-aid-put-trmc-black/87940634/)

**'Sincerity'**

Kumar admits he makes friends quickly.

"It's my sincerity," he said. "When people place their trust in you as the doctor. They basically trust me to make decisions for their life. That's no small responsibility. You have to take it seriously."

Kumar says he left India and came to the United States with nothing, and the American people opened their hearts and doors to him.

He has done well. A "statement of economic interests" board members are required to file each April showed assets of at least \$5 million, not including his personal residence.

"I always told myself that if I ever get an opportunity to serve my people anywhere in any capacity, I will do it from my heart. I will try to make a difference in their lives. That's my inspiration and mojo," he said. "Even if I work tirelessly the rest of my life, I think the American generosity I have received with my family is awesome and I don't think I can ever pay it back."

Bell called Kumar selfless, someone who wants the best for the community and hospital.

"There's no one more loyal to the community and to the hospital than Dr. Kumar, especially to the hospital. He works literally 24/7," she said. "...He wants to see the tower completed."

Six-day TRMC series begins

(http://www.visaliatimesdelta.com/story/news/local/2016/07/30/six-day-trmc-series-begins/87769602/)

Read or Share this story: <http://vtd-tar.co/2aVzs0W>

<http://www.visaliatimesdelta.com/story/news/local/2016/08/05/kumar-doctors-obsession-power/88268...> 10/18/2017

# EXHIBIT C

THE SUPERIOR COURT OF CALIFORNIA  
COUNTY OF TULARE

# Case Detail Page

**VCU271244**

**Philips Healthcare vs. Tulare Regional Medical Center**

Civil: Unlimited-Visalia

Summary Filings Parties Documents Events

## Summary

## Parties

Type	Name	Represented By
Complaint - Contract: Collections (09) filed on 09/22/2017		
Plaintiff	Philips Healthcare	Pollak, Robert L
Defendant	Tulare Regional Medical Center FKA Tulare District Hospital	

## Documents

Filed ▲	Description	Filed By
10/24/2017	Notice	Plaintiff
10/12/2017	Notice: Other	Defendant

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**THE SUPERIOR COURT OF CALIFORNIA  
COUNTY OF TULARE**

# Case Detail Page

**VCU269517**

**Graham Prewett, Inc vs. Tulare Local Healthcare District**

Civil: Unlimited-Visalia

Summary Filings Parties Documents Events

## Summary

## Parties

Type	Name	Represented By
Complaint - Contract: Breach Cont/Warranty (06) filed on 05/03/2017		
Plaintiff	Graham Prewett, Inc	Naegele, Joseph L
Defendant	Tulare Local Healthcare District DBA Tulare regional Medical Center	

## Documents

Filed ▲	Description	Filed By
10/12/2017	Notice: Other	Defendant
10/02/2017	Order	Plaintiff
09/27/2017	Request: Court's Judgment	Plaintiff
09/27/2017	Request: Dismissal	Plaintiff
09/27/2017	Declaration	Plaintiff
09/27/2017	Declaration	Plaintiff
09/27/2017	Declaration	Plaintiff
09/27/2017	Declaration	Plaintiff

CIVIL,CLOSED,STAYED

**U.S. District Court  
Eastern District of California - Live System (Fresno)  
CIVIL DOCKET FOR CASE #: 1:15-cv-01136-DAD-EPG**

Firstsource Solutions USA, LLC v. Tulare Regional Medical Center  
Assigned to: District Judge Dale A. Drozd  
Referred to: Magistrate Judge Erica P. Grosjean  
Demand: \$700,000  
Cause: 28:1332 Diversity-Other Contract  
Date Filed: 07/21/2015  
Date Terminated: 10/11/2017  
Jury Demand: Defendant  
Nature of Suit: 190 Contract: Other  
Jurisdiction: Diversity

**Plaintiff**

**Firstsource Solutions USA, LLC**

represented by **Daniel M. Janssen , PHV**  
Quarles & Brady LLP  
411 East Wisconsin Avenue  
Suite 2350  
Milwaukee, WI 53202  
414-277-5733  
Fax: 414-203-0190  
Email: daniel.janssen@quarles.com  
*LEAD ATTORNEY*  
*PRO HAC VICE*  
*ATTORNEY TO BE NOTICED*

**Emily M. Feinstein , PHV**  
Quarles & Brady LLP  
33 East Main Street  
Suite 900  
Madison, WI 53703-3095  
608-283-2470  
Email: emily.feinstein@quarles.com  
*LEAD ATTORNEY*  
*PRO HAC VICE*  
*ATTORNEY TO BE NOTICED*

**Patrick J. Proctor-Brown , PHV**  
Quarles & Brady LLP  
411 East Wisconsin Avenue  
Suite 2400  
Milwaukee, WI 53202-4426  
414-277-5611  
Fax: 414-978-8906  
Email: patrick.proctor-brown@quarles.com  
*LEAD ATTORNEY*

# EXHIBIT D



CONFIDENTIAL

# FINANCE COMMITTEE REPORT

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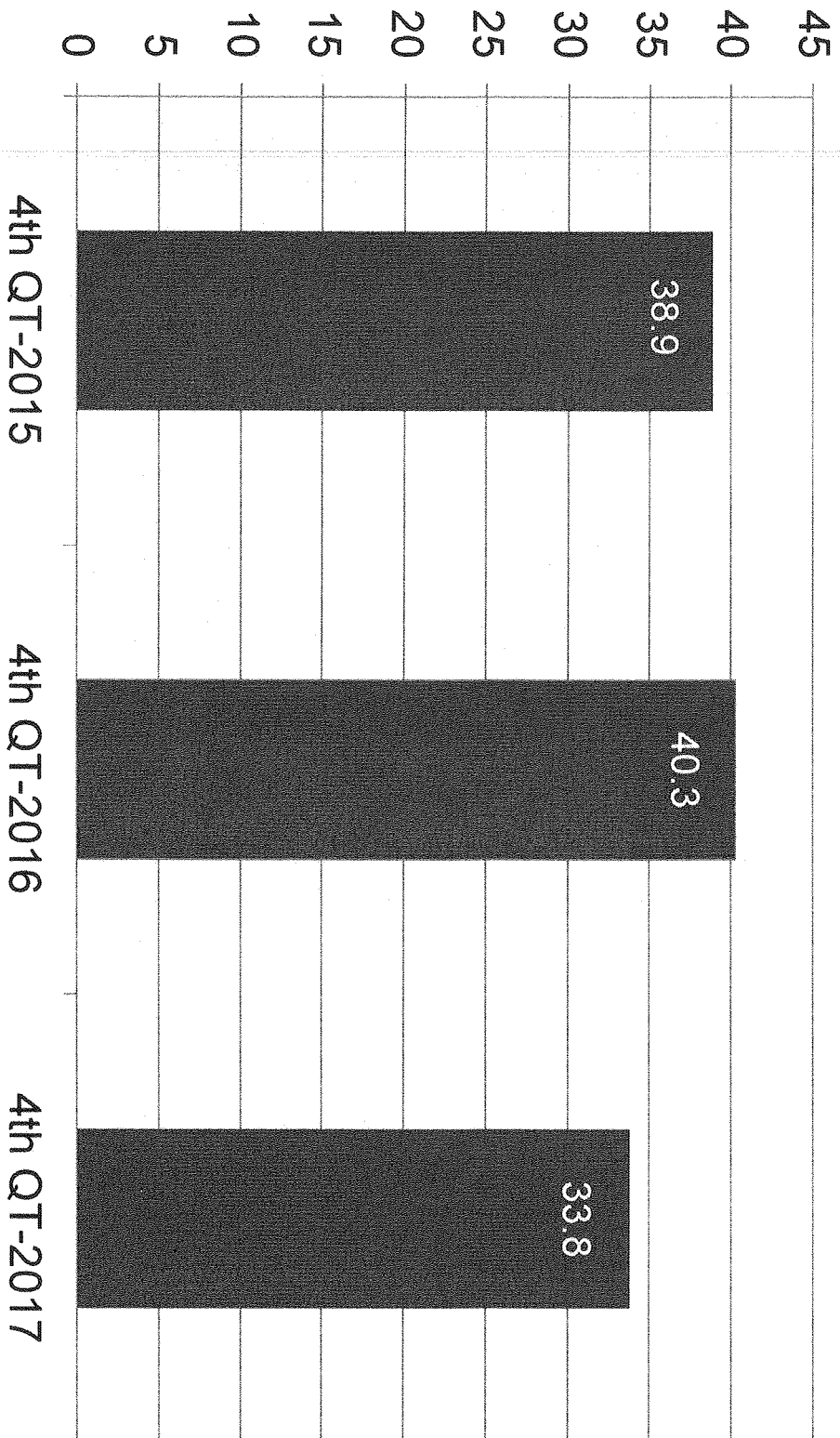
July 25, 2017

Tulare Regional Medical Center



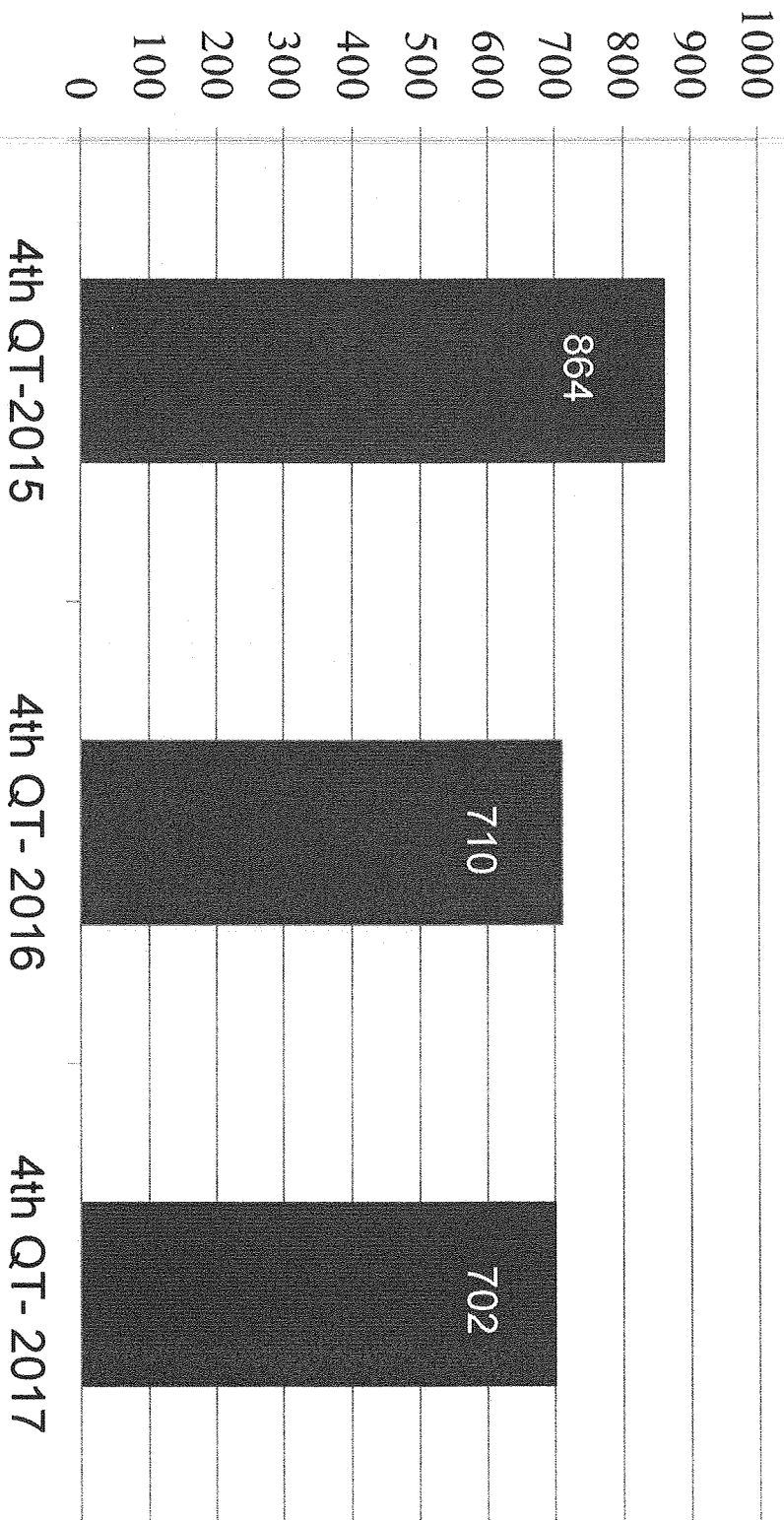
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## Average Daily Census



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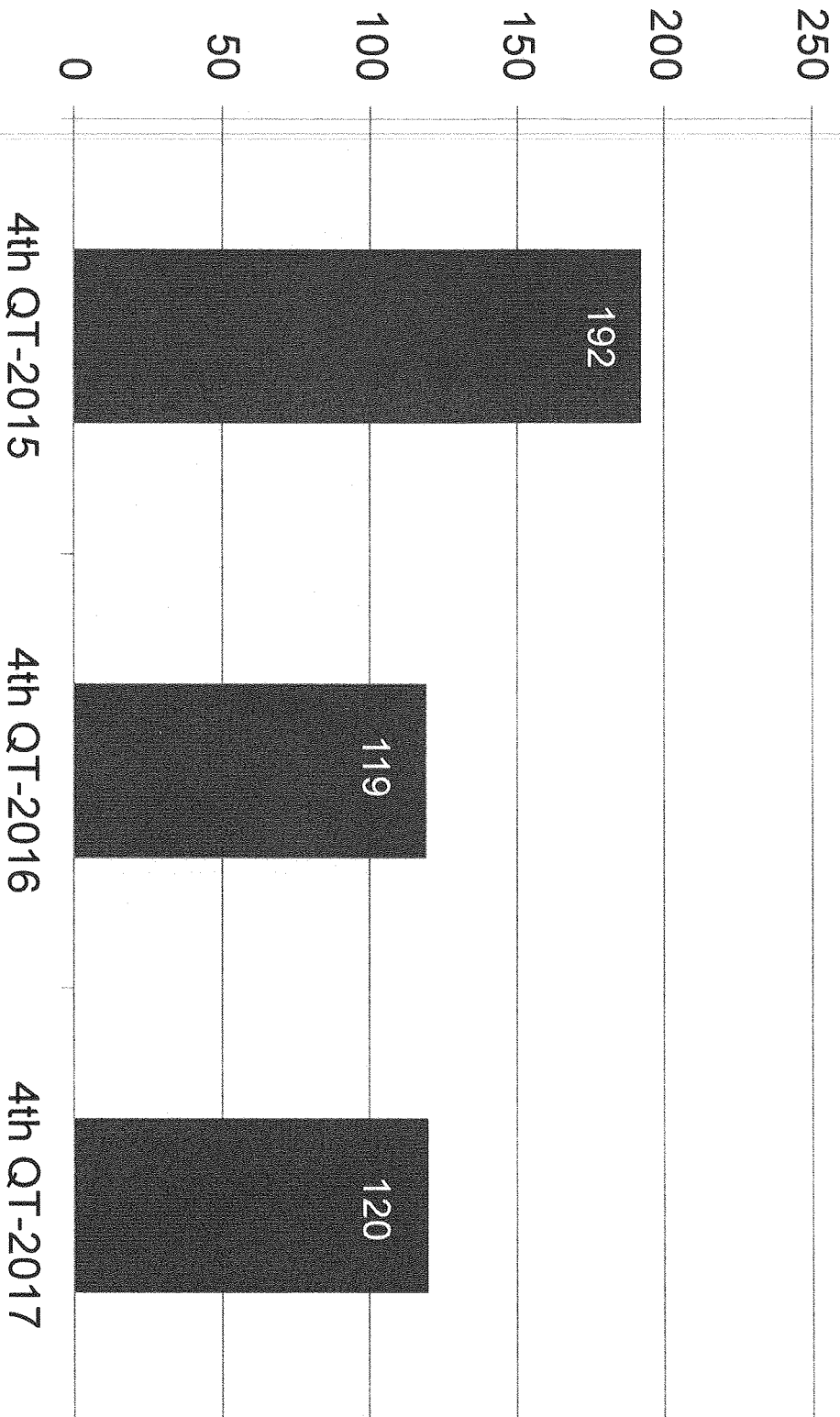
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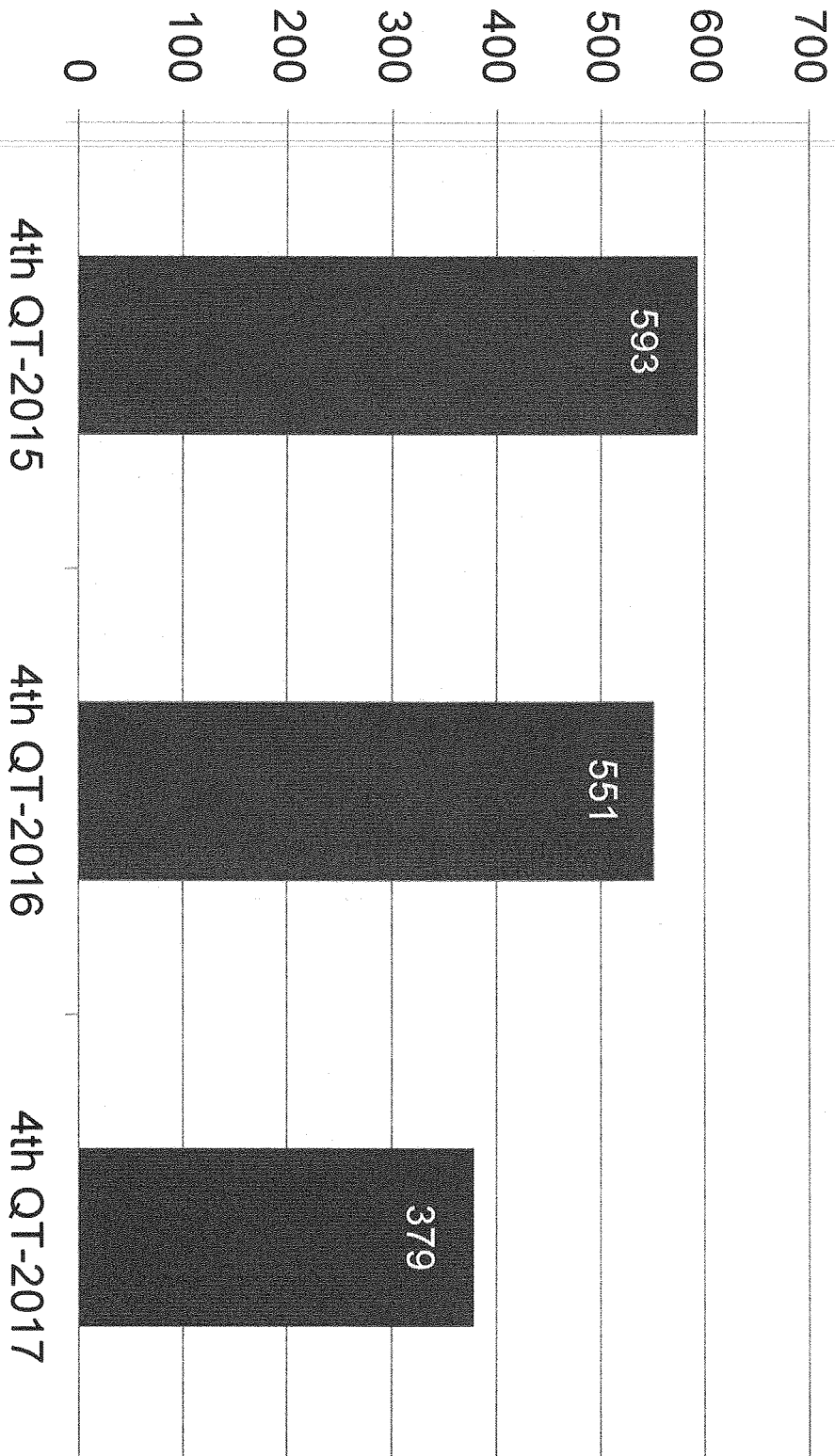
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## Deliveries



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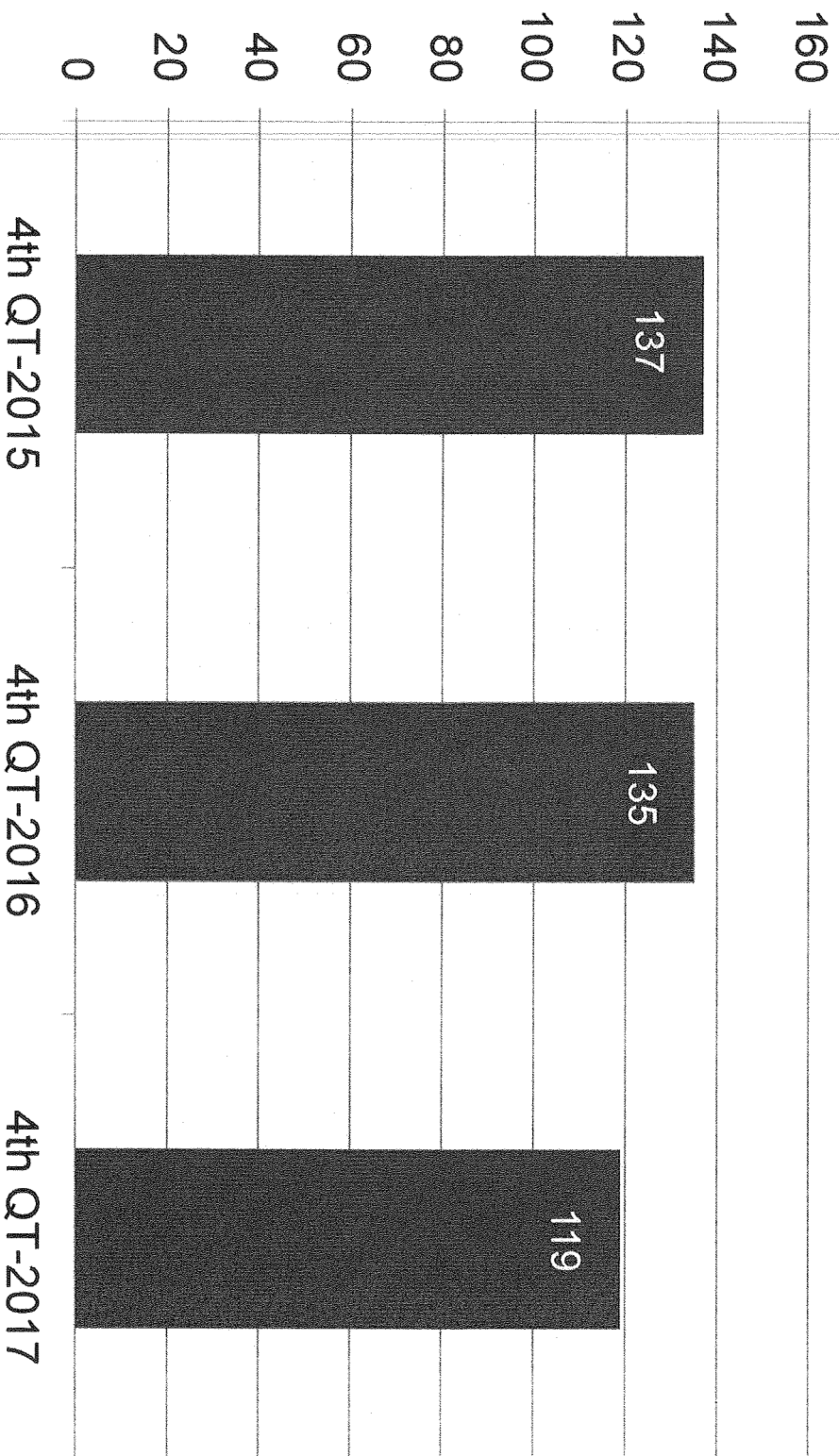
## Surgeries





CONFIDENTIAL

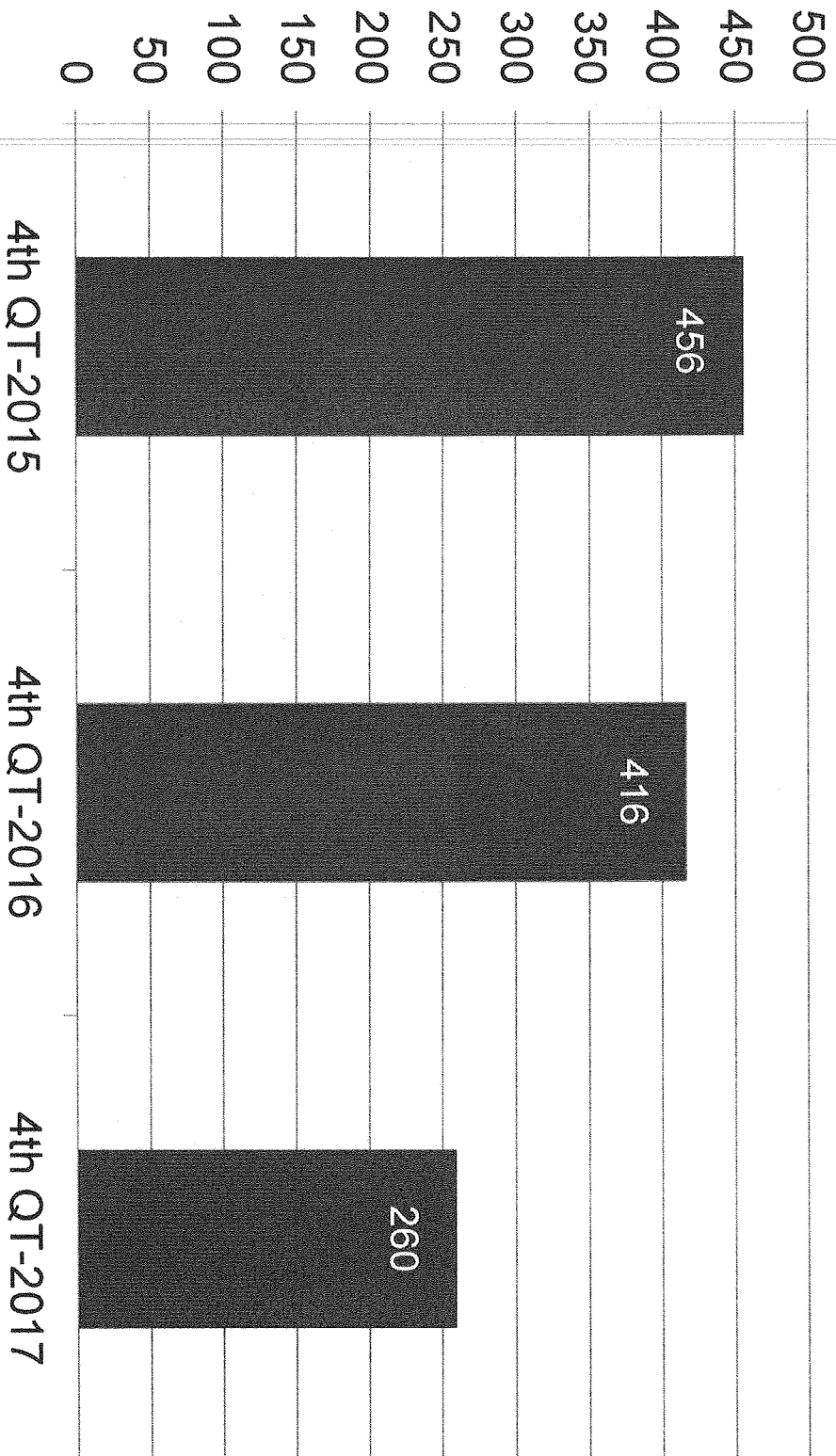
## Surgeries- Inpatient





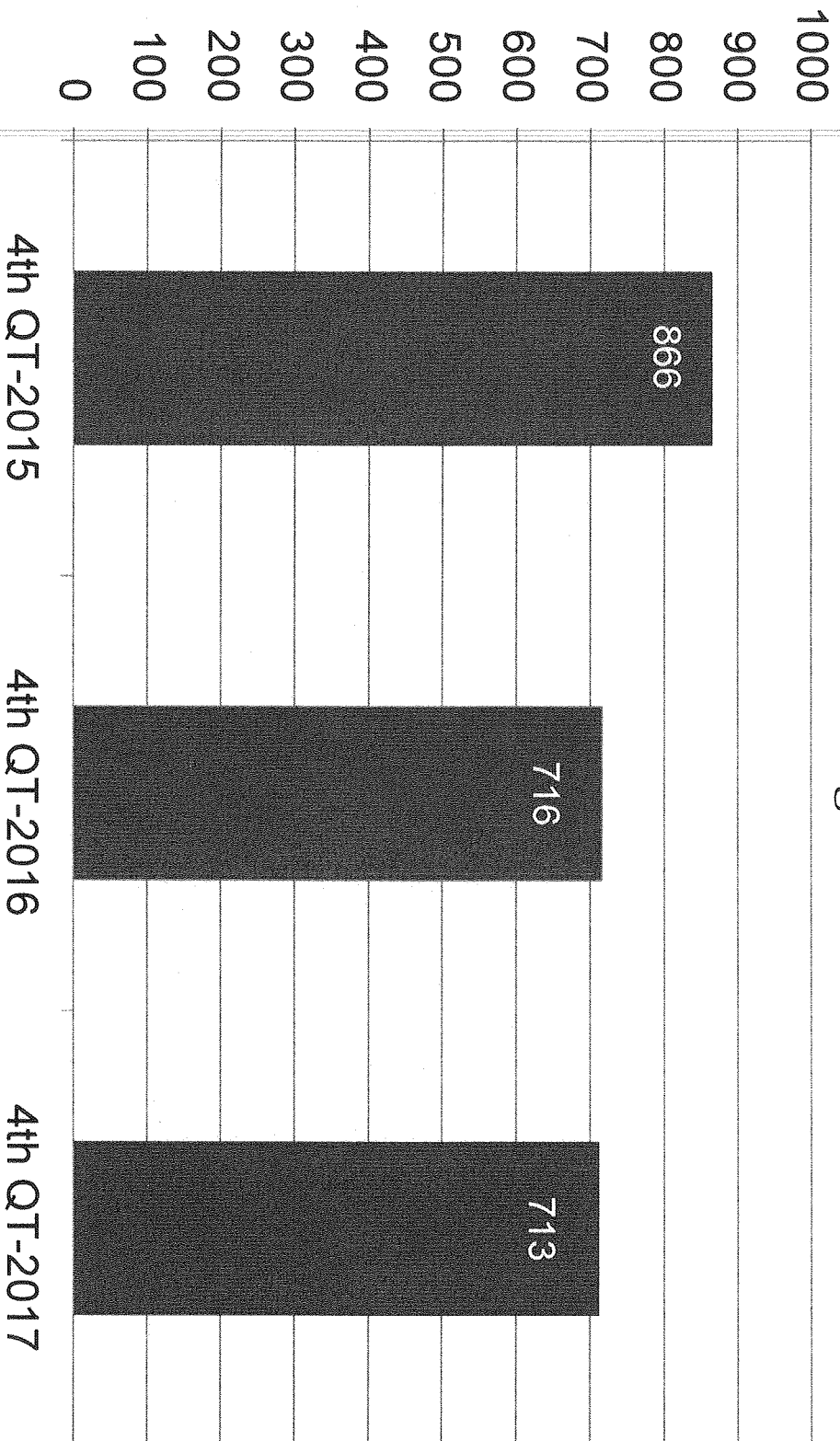
CONFIDENTIAL

## Surgeries- Outpatient



CONFIDENTIAL

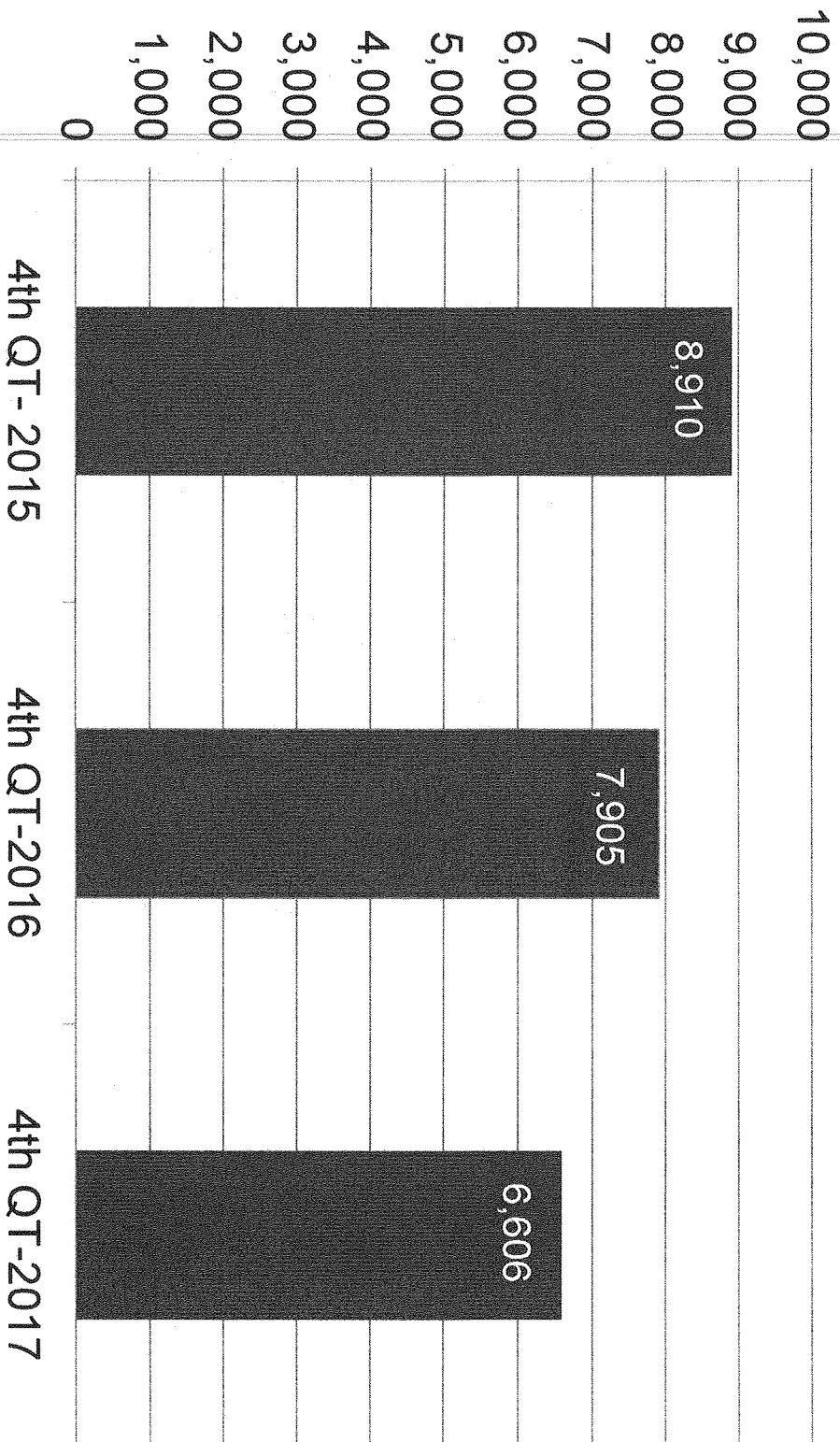
## Discharges





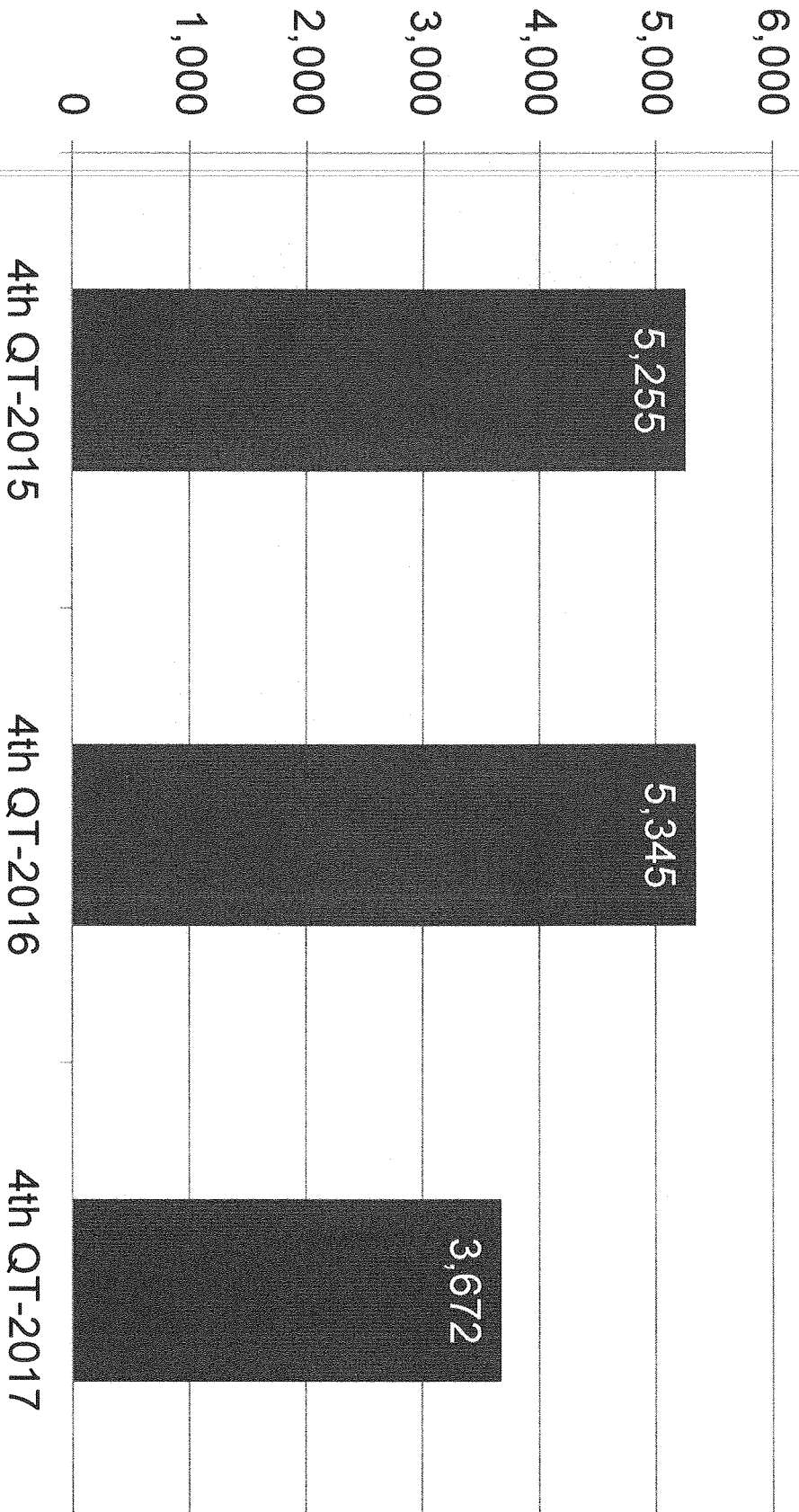
CONFIDENTIAL

## Emergency Dept. Visits



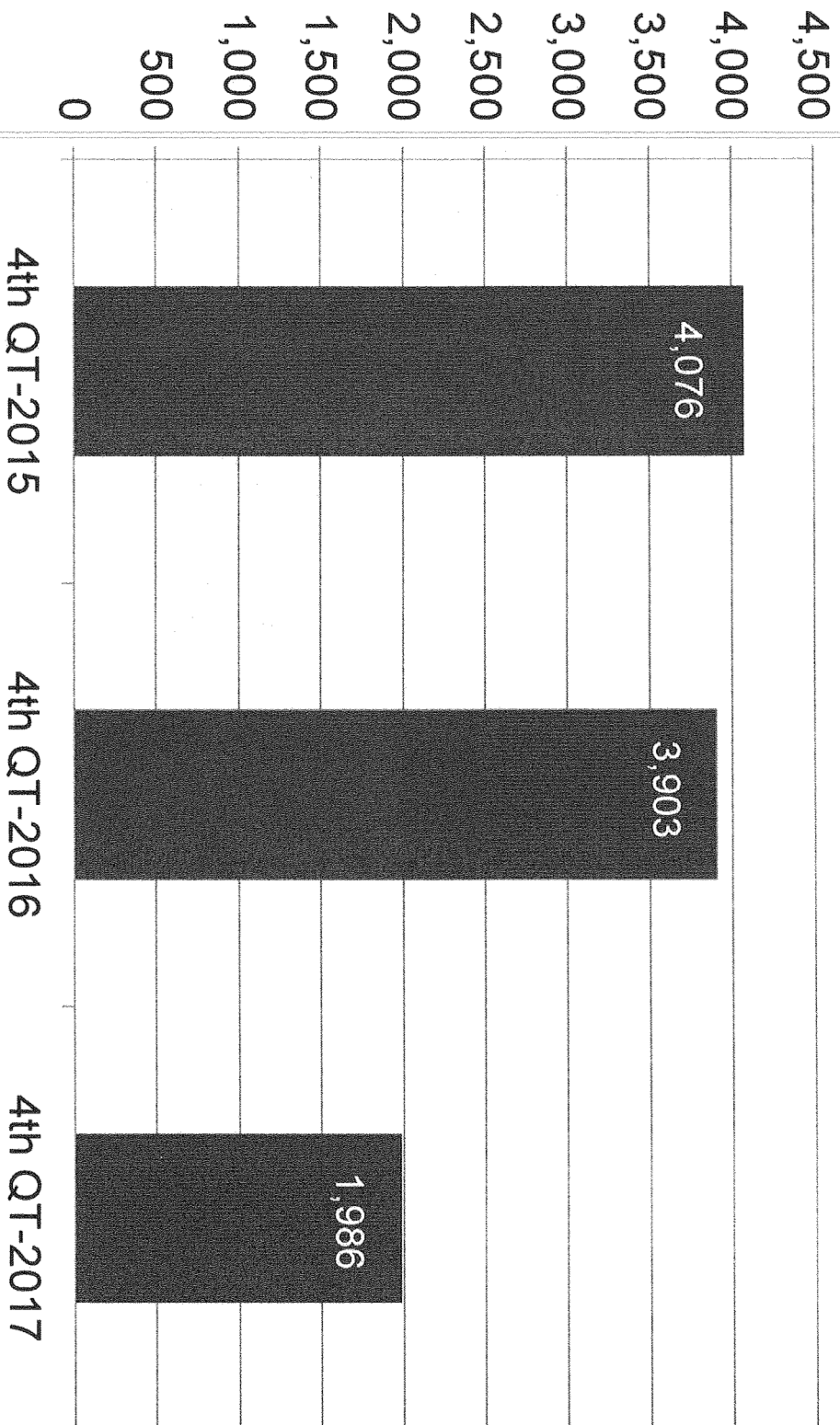
CONFIDENTIAL

## Total Clinic Visits



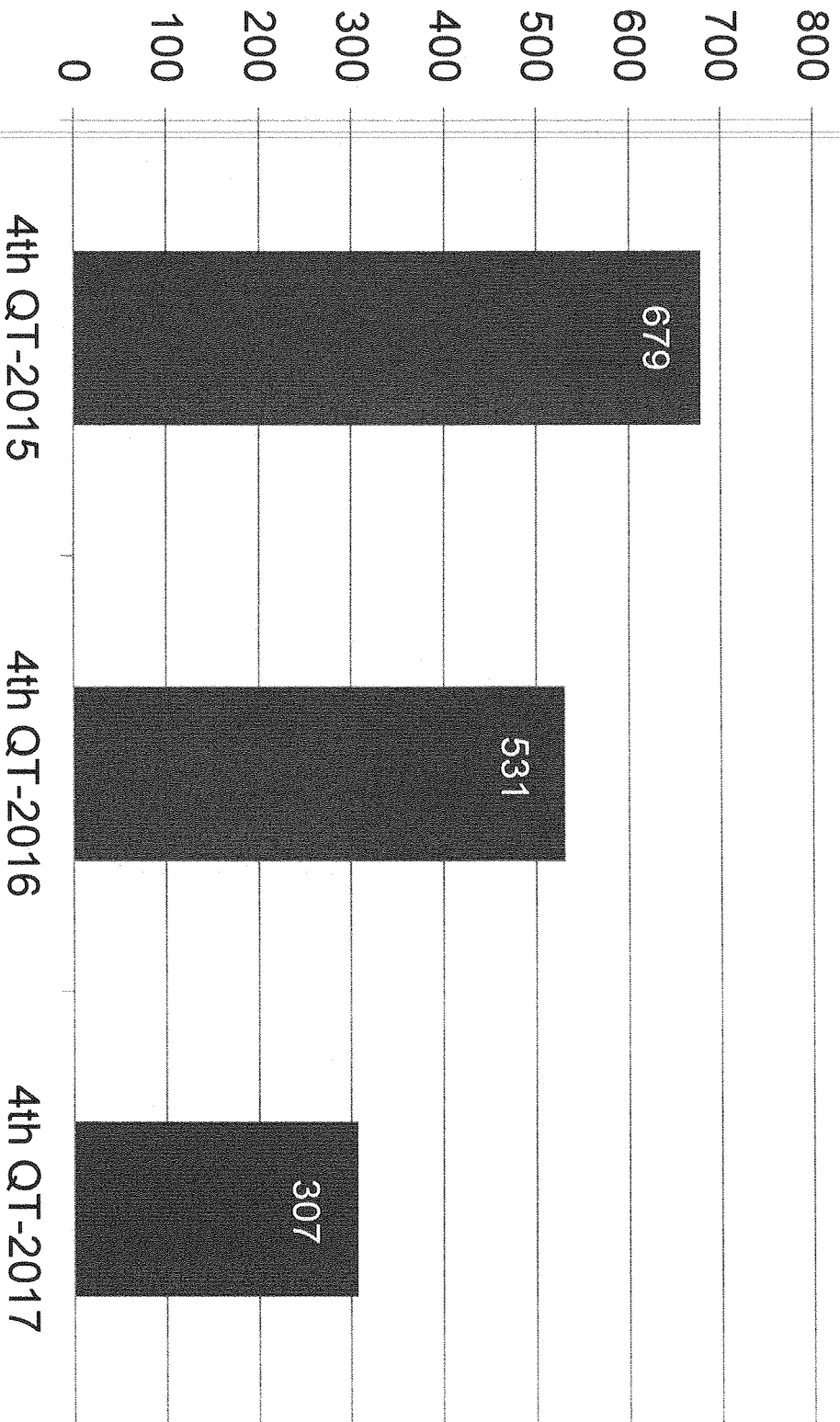


CONFIDENTIAL

**Hillman Clinic**

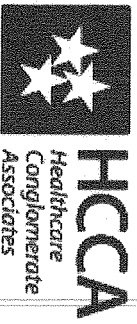
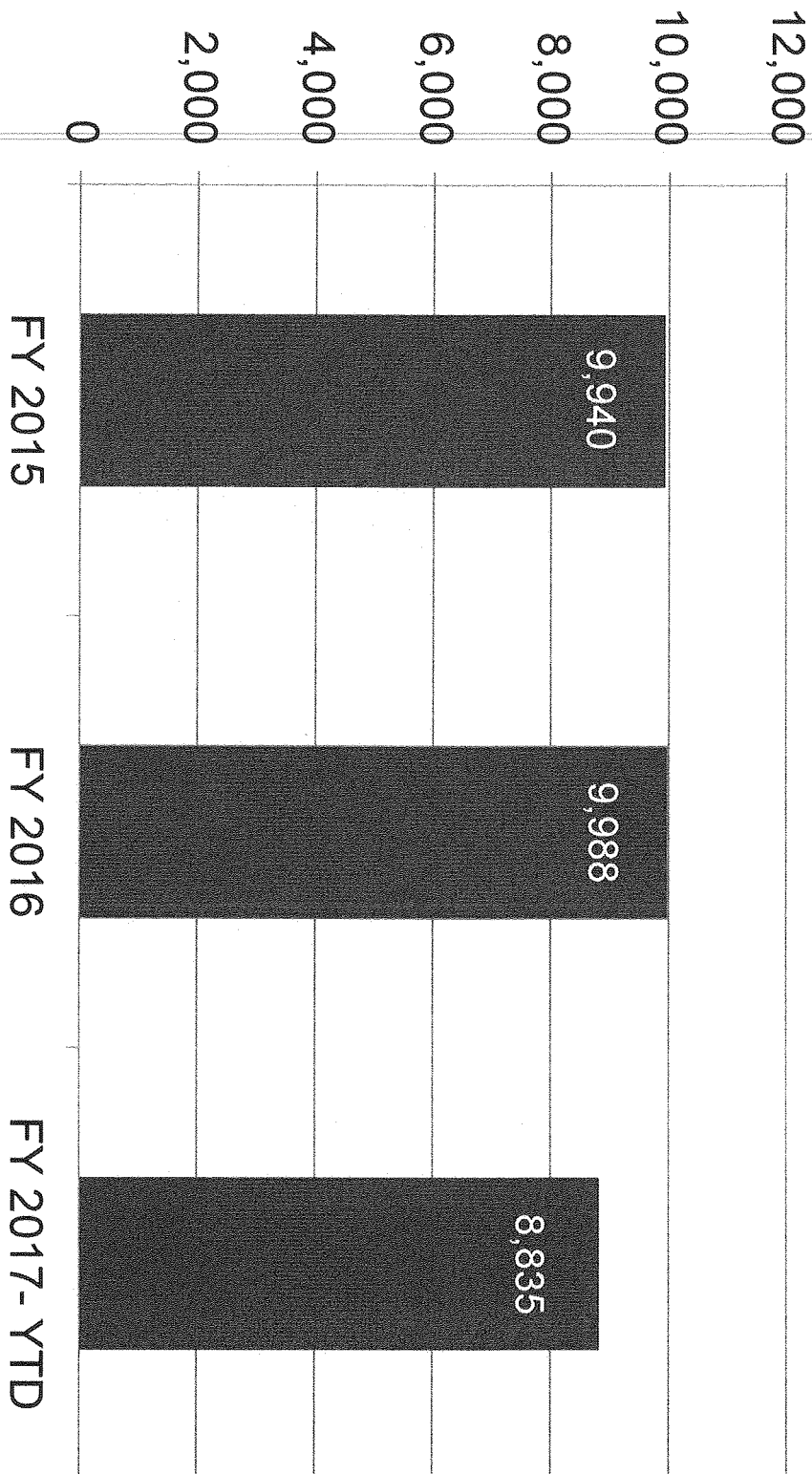
CONFIDENTIAL

## Home Health

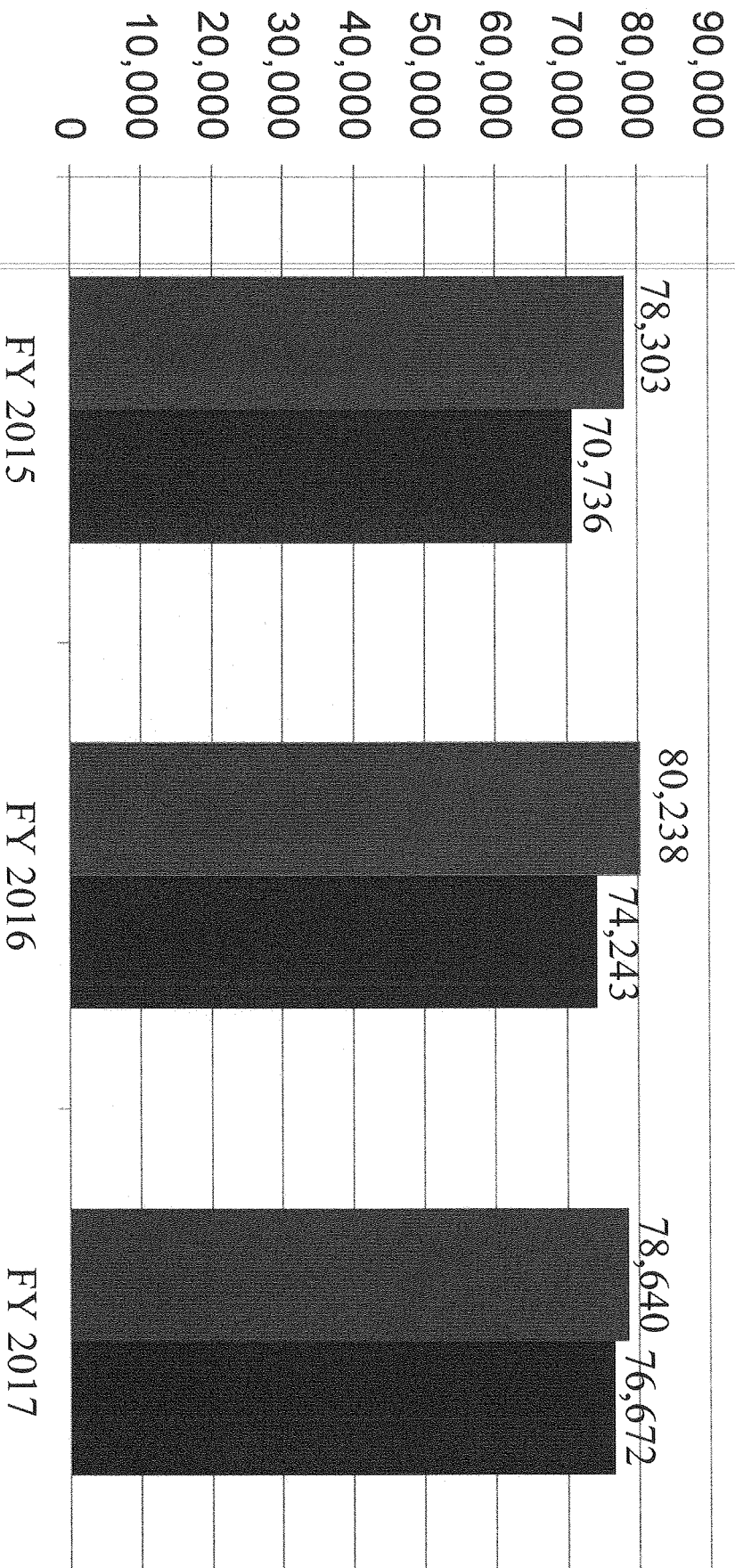




CONFIDENTIAL

**Supply Cost (in \$1,000's)**

CONFIDENTIAL

**TRMC Operating Revenue & Expenses (in \$1,000's)**

----- Revenue  
----- Expenses



CONFIDENTIAL

# HCCA & TRMC

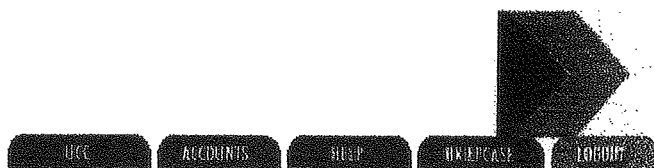
Working together to improve  
the healthcare of the  
communities we serve



# EXHIBIT E

## UCC Connect - INQUIRES AND ORDERS

Page 1 of 3



## Debtor Name Inquiry

To display the image of a specific filing, click the View icon. A fee will be charged. Refer to the Fee Schedule under the HELP tab above.

This Debtor Name Search was performed on 09/15/2017 10:16 with the following search parameters:

**DEBTOR NAME:** TULARE LOCAL HEALTHCARE DISTRICT

**MAILING ADDRESS:**

**City, State, Country:**

**Date From:**

Order	View	Filing Number	Filing Type	Filing Date	Pages	Lapse Date
<input type="checkbox"/>	<input checked="" type="checkbox"/>	17-7603939166	Financing Statement	09/05/2017 16:21	4	09/05/2022

Debtor - Organization TULARE LOCAL HEALTH CARE DISTRICT 869 N. CHERRY ST., TULARE, CA, USA 93274

Secured Party - Organization LEASING INNOVATIONS, INCORPORATED 15 COURT SQUARE, SUITE 520, BOSTON, MA, USA 02108

Order	View	Filing Number	Filing Type	Filing Date	Pages	Lapse Date
<input type="checkbox"/>	<input checked="" type="checkbox"/>	17-7603938913	Financing Statement	09/05/2017 16:18	15	09/05/2022

Debtor - Organization TULARE LOCAL HEALTH CARE DISTRICT 869 N. CHERRY ST., TULARE, CA, USA 93274

Secured Party - Organization LEASING INNOVATIONS, INCORPORATED 15 COURT SQUARE, SUITE 520, BOSTON, MA, USA 02108

Order	View	Filing Number	Filing Type	Filing Date	Pages	Lapse Date
<input type="checkbox"/>	<input checked="" type="checkbox"/>	17-7601983921	Financing Statement	08/21/2017 17:00	2	08/21/2022
<input type="checkbox"/>	<input checked="" type="checkbox"/>	17-76038427	Amendment	09/01/2017 17:00	4	N/A

Debtor - Organization TULARE LOCAL HEALTH CARE DISTRICT 869 NORTH CHERRY ST., TULARE, CA, USA 93274

# EXHIBIT F





2017-0059339

RECORDING REQUESTED BY:  
Chicago Title Company  
Order No.:

Recorded  
Official Records  
County of  
Tulare  
ROLAND P. HILL  
Clerk Recorder

REC FEE 51.00  
COPY - RECORDE 6.00

When Recorded Mail Document To:

Healthcare Conglomerate Associates, LLC  
10940 Wilshire Boulevard  
Suite 1600  
Los Angeles, CA 90024

08:01AM 28-Sep-2017 Page 1 of 4

SPACE ABOVE THIS LINE FOR RECORDER'S USE

### SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, is made as of September 27, 2017 by Tulare Local Healthcare District, d/b/a Tulare Regional Medical Center, herein called TRUSTOR, whose address is 869 N Cherry Street, Tulare, California 93274

to Chicago Title Company, a California corporation, herein called TRUSTEE, for the benefit of Healthcare Conglomerate Associates, LLC, herein called BENEFICIARY,

WITNESSETH That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE, that property in the County of Tulare, State of California, commonly known as 1425 East Prosperity Avenue, Tulare, California, 93274, as more particularly described as

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph ten (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits

For the Purpose of Securing:

- 1 Performance of each agreement of Trustor incorporated by reference or contained herein
- 2 Payment of the indebtedness evidenced by those certain Promissory Notes dated as of 7/31/2015, 7/31/2016; 12/21/2016, 12/28/2016, 12/29/2016, 12/30/2016, 12/30/2016 B, 3/31/2017, 7/21/2017, and 7/31/2017, in the total original principal sum of Ten Million Two Hundred Thirty-Three Thousand Nine Hundred and Fifty Dollars And 05/100 Dollars (\$10,233,950 05) executed by Trustor in favor of Beneficiary or order
3. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured

**SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS**  
(continued)

To Protect the Security of this Deed of Trust, Trustor Agrees: By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions one (1) to fourteen (14), inclusive, of the fictitious deed of trust recorded in Santa Barbara County and Sonoma County October 18, 1961, and in all other counties October 23, 1961, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, viz:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	435	684	Kings	792	833	Placer	895	301	Sierra	29	335
Alpine	1	250	Lake	362	39	Plumas	151	5	Siskiyou	468	181
Amador	104	348	Lassen	171	471	Riverside	3005	523	Solano	1105	182
Butte	1145	1	Los Angeles	72055	899	Sacramento	4331	62	Sonoma	1851	689
Calaveras	145	152	Madera	810	170	San Benito	271	383	Stanislaus	1715	456
Colusa	296	617	Mann	1508	339	San Bernardino	5567	61	Sutter	572	297
Contra Costa	3978	47	Mariposa	77	292	San Francisco	A332	905	Tehama	401	289
Del Norte	78	414	Mendocino	579	539	San Joaquin	2470	311	Trinity	93	366
El Dorado	568	456	Merced	1547	538	San Luis Obispo	1151	12	Tulare	2294	275
Fresno	4626	572	Modoc	184	851	San Mateo	4078	420	Tuolumne	135	47
Glenn	422	184	Mono	52	429	Santa Barbara	1878	860	Ventura	2062	386
Humboldt	657	527	Monterey	2194	538	Santa Clara	5336	341	Yolo	653	245
Imperial	1091	501	Napa	639	86	Santa Cruz	1431	494	Yuba	334	486
Inyo	147	598	Nevada	305	320	Shasta	684	528			
Kern	3427	60	Orange	5889	611	San Diego	Series 2 Book 1961, Page 183887				

which provisions, identical in all counties, (printed on the attached unrecorded pages) are hereby adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that Trustor will observe and perform said provisions, and that the references to property, obligations and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

IN WITNESS WHEREOF, the undersigned has executed this document on the date set forth below

Tulare Local Healthcare District, d/b/a Tulare Regional Medical Center

By  

Dated: 9.22.2017

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS  
(continued)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document

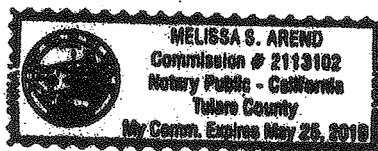
State of California )  
County of Tulare )

On September 27, 2017 before me, Melissa S. Arend Notary Public (here insert name and title of the officer), personally appeared Yoran Benny Benzeevi who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct

WITNESS my hand and official seal

Signature Melissa S. Arend (Seal)





**SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS**  
(continued)

**EXHIBIT "A"**  
Legal Description

Real property in the City of Tulare, County of Tulare, State of California, described as follows:

PARCEL 1 AND REMAINDER OF PARCEL MAP NO. 4531, IN THE CITY OF TULARE, COUNTY OF TULARE, STATE OF CALIFORNIA, AS PER MAP RECORDED AUGUST 23, 2002 IN BOOK 46, PAGE 36 OF PARCEL MAPS, TULARE COUNTY RECORDS.

EXCEPTING THEREFROM AN UNDIVIDED ONE-HALF OF ALL THE MINERALS, GAS, OILS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN, ON OR UNDER SAID LAND, TOGETHER WITH ALL RIGHTS INCIDENTAL TO THE DEVELOPMENT OF SAME, AS EXCEPTED IN THE DEED FROM SECURITY-FIRST NATIONAL BANK OF LOS ANGELES, A NATIONAL BANKING ASSOCIATION, TO C. E. SWEARINGEN AND CLARA B. SWEARINGEN, HUSBAND AND WIFE, DATED SEPTEMBER 29, 1936, RECORDED NOVEMBER 30, 1936 IN BOOK 704, PAGE 316 OF OFFICIAL RECORDS.

APN:

171-300-015-000 as to Parcel 1 171-300-016-000 as to Remainder